

## CHAPTER 2

### FINANCE

#### 0201 INTRODUCTION

020101. Objectives. The objectives of the policies set forth in this chapter are to assure that all Letters of Offer and Acceptance (LOAs) which have been accepted by FMS customers are brought under full accounting control and that budget authority is released for execution in the year in which contracts to fill customer requirements will be awarded, articles from inventory will be released to common carriers/the Defense Transportation System, or DoD in-house services will be performed. The chapter also provides procedures covering issuance of obligational authority related to FMS case execution and FMS administrative and contract administration services.

#### 020102. Responsibilities

A. Defense Security Cooperation Agency (DSCA). It is the responsibility of the DSCA to prepare annual budget requests for the FMS Trust Fund obligational and outlay authority necessary to support the FMS program. The DSCA reviews and approves budgets for the FMS administrative charge/logistics support charge and Security Assistance Organizations and target estimates for contract administration services.

B. Implementing Agency. It is the responsibility of the DoD Component that prepares individual LOAs, hereinafter referred to as the Implementing Agency, to assure: (1) estimated prices in LOAs meet DoD pricing requirements, (2) LOA payment schedules are accurate and meet DoD payment requirements, (3) a realistic time-phased plan is developed for execution of LOAs upon FMS customer acceptance, (4) a prepositioned request for the obligational authority -- which will be required to initiate performance of the LOA -- is submitted to the Deputate for Security Assistance, Denver Center (DFAS-DE/I), (5) sufficient anticipated appropriation/fund reimbursable authority is included in the Defense budget, and (6) appropriation/ fund budget execution records accurately reflect the status of the reimbursable FMS program.

C. The Deputate for Security Assistance (DFAS-DE/I). It is the responsibility of the DFAS-DE/I to: (1) record budget authority resulting from accepted LOAs in the FMS Trust Fund accounting system, (2) maintain FMS Trust Fund budget execution records, (3) approve DoD Component requests for FMS obligational authority in a timely manner, and (4) obtain cash advances from FMS customers necessary to liquidate obligations resulting from the use of the budget authority created by the FMS program.

020103. Source Documents. FMS Budget Authority is created through preparation and processing of three formats and two forms:

A. "United States of America Letter of Offer and Acceptance" (LOA). This format, or its equivalent when a deviation has been authorized by the DSCA, is the basic source document which may ultimately result in the creation of FMS budget authority. One of the more common equivalent documents is the Letter of Intent (LOI). The LOA does not in and of itself create budget authority in either the FMS Trust Fund or in a DoD appropriation/fund account. The LOA was revised effective June 1, 1992. The previous version of the form was the DD Form 1513, "United States Department of Defense Offer and Acceptance". Samples of both the old form and the new format are at Tables 2-1 and 2-2. Instructions for preparing the LOA are contained in the SAMM [reference (c)].

B. "United States of America Amendment to Letter of Offer and Acceptance" and "United States of America Modification to Letter of Offer and Acceptance." The amendment is designed to obtain FMS customer acceptance of a scope increase. The modification is a notification document to alert FMS customers of within-scope cost increases, cost decreases, or other minor changes to the program. These documents are used to modify the original LOA and provide the basis for creation of additional FMS Trust Fund budget authority. Samples of the new formats are at Tables 2-3 and 2-4. The old forms which were used prior to June 1, 1992, the DD Form 1513-1, "United States Department of Defense Amendment to Offer and Acceptance" and DD Form 1513-2, "United States Department of Defense Notice of Modification of Offer and Acceptance," are included at Tables 2-5 and 2-6. Amendments and modifications written in the new formats do not alter the terms and conditions of the original DD Form 1513.

C. DD Form 2061, "FMS Planning Directive." This form or automated equivalent is prepared and maintained by the installation tasked by the implementing agency to prepare a LOA. The form is a working paper which serves three major purposes: (1) it provides for the identification of all of the cost elements included in prices reflected on the LOA and thereby helps to assure the case is priced in accordance with DoD pricing policies, (2) it provides a time-phased plan for execution of the LOA upon FMS customer acceptance, and (3) it identifies the appropriations/funds which will be used to finance new procurement or which will realize earned reimbursements through delivery of items from inventory or provision of DoD in-house services. A sample form is at Table 2-7. Instructions for preparing and processing the forms are contained in section 202.

D. DD Form 2060, "FMS Obligational Authority." This form or automated equivalent is prepared based upon data reflected in the DD Form 2061. Part A of the form is prepared at the FMS case level and is the basis for case-level control of obligational authority. Part B of the form identifies the appropriations/funds which have been or will be used to finance the cases reflected in Part A. For reimbursable orders Part B is submitted to the DFAS-DE/I in accordance with paragraph 030301. The DD Form 2060 may be prepared on either an individual case basis or on a multiple case basis. The DD 2060 also is used to convey OA for DoD Components' FMS administrative expenses, logistics support expenses, and contract administration and audit expenses. A sample form is at Table 2-8. Instructions for preparing and processing the form are contained in section 202. Issuance of Budget Authority must be authenticated by manual or electronic signature.

020104. Recognition of Budget Authority by the FMS Trust Fund

A. Establishment of FMS Trust Fund Budget Authority. All accepted LOAs, amendments, and modifications are to be returned by FMS customers to the DFAS-DE/I. Upon receipt of a DD Form 2060 and within the time-frames established by paragraph 020105, the DFAS-DE/I shall review FMS case-level accounting records to determine that: (1) the case is valid, (2) the FMS customer has deposited necessary cash in advance to support the FMS case, and (3) the requested obligational authority does not exceed the dollar values established in the LOA and any applicable amendments or modifications. If these three requirements are met, the DFAS-DE/I shall create FMS Trust Fund budget authority, approve the DD Form 2060, and issue an RBF transaction.

B. Direct Citation. The DD Form 2060, or automated equivalent, shall be used to request commitment/obligation authority for direct cite of the FMS Trust Fund. The DD Form 2060 will be used as a control device, and commitments/obligations shall be limited to the dollar value of approved DD Forms 2060. The accounting procedures will vary depending upon whether detailed contract accounting is performed by the DSCA or by a Military Department.

020105. Recognition of FMS Reimbursable Budget Authority in DoD Appropriation/Fund Accounts

A. Trust Fund Orders for Reimbursable Work. The LOA, amendment, and modification or approved substitute documents do not represent reimbursable orders to performing DoD Components. The approved DD Form 2060, or automated equivalent, is the reimbursable order. The DD Form 2060, Part A, specifies the value of orders which may be credited to appropriations by a DoD Component for each case for a fiscal year. The obligation authority amount for each case may not be exceeded. Reporting violations of this administrative limitation will follow the procedures in DoD Directive 7200.1, "Administrative Control of Appropriations within the Department of Defense" [reference (d)], Volumes 4 and 14 of this Regulation, and section 212 of this Volume.

★ B. When authority to accept reimbursable orders is subject to apportionment, obligations on a reimbursable program may not exceed apportioned amounts of anticipated reimbursement. In the event any portion of approved DD Form 2060 reimbursable budget authority is in excess of apportioned amounts for anticipated reimbursable orders, the excess portion cannot be obligated until an additional apportionment of anticipated reimbursable orders is requested and received through the reapportionment process. A summary of accounts which are subject to apportionment follows:

1. Procurement Accounts - All reimbursable programs are specifically apportioned.

2. R&D Accounts - All reimbursable programs for the Air Force and the Defense Agencies are specifically apportioned. Army and Navy reimbursable programs are

automatically apportioned.

3. Military Pay Accounts - All reimbursable programs for the Army and the Air Force are specifically apportioned. The Marine Corps and the Navy reimbursable programs are automatically apportioned.

4. Operation & Maintenance Accounts - All reimbursable programs are automatically apportioned except for the Defense Agencies.

5. Military Construction Accounts - All reimbursable programs are specifically apportioned except for the Army and the Navy, which are automatically apportioned.

6. DoD Working Capital Funds - Reimbursable programs are partially apportioned. Consult OUSD(C) P/B Revolving Funds Directorate for further guidance.

C. Apportionments and reappportionments for reimbursable programs must be requested by appropriation accounts and fiscal year. An appropriation which is available for obligation for more than one year requires an apportionment for anticipated reimbursable orders in the first year of availability which is to be reduced to the value of orders actually received in the first year. In the subsequent years of availability, a reappportionment for anticipated reimbursable orders is required to accept customer orders which fund within-scope price increases. The reappportionment request for anticipated reimbursable orders in the final year of availability is especially critical because any unused amounts in the reappportionment are automatically available for acceptance of additional reimbursable orders necessary to fund within-scope price increases after the appropriation has lapsed. It should be noted that an apportionment or reappportionment for anticipated reimbursable orders does not constitute authority to incur obligations. The actual customer order must be received and recorded in appropriation accounting records before applicable budget authority may be used.

D. The process by which budget authority is generated is graphically displayed in Table 2-9. The table depicts the relationships among the forms and formats as discussed in the above paragraphs as well as relationships among organizations and the FMS customer at various stages of processing.

★ 020106. FMS Integrated Control System Documents. Table 2-15 is an example of the automated RBI/RBF interface transactions used to notify the DFAS-DE/I of budget authority (BA) request and approval. The DFAS-DE/I is authorized to establish budget authority up to 100 percent of cumulative value of the LOAs, amendments, and modifications. Authority for the contract administration services (CAS) charge and the logistics support charge (LSC) are not distributed to the IAs. Specific details on how to use these transactions are contained in the FMS Integrated Control System (FICS) document.

★

UNITED STATES OF AMERICA LETTER OF OFFER AND ACCEPTANCE

<b>United States of America</b> <b>Letter of Offer and Acceptance (LOA)</b> <b>[BD-P-BLX]</b>			
Based on [BANDEF ltr 2/265 of 10 Apr 92]			
Pursuant to the Arms Export Control Act, the Government of the United States (USG) offers to sell to [the Government of Bandaria, Office of the Naval Attache, 252 Massachusetts Ave., NW, Washington, DC 20036] the defense articles or defense services (which may include defense design and construction services) collectively referred to as "items", set forth herein, subject to the provisions, terms, and conditions in this LOA.			
This LOA is for [Technical Services for the Standard Missile Program. ]			
Estimated Cost: [ \$1,030,000]		Initial Deposit: [\$268,750]	
Terms of Sale: [Cash prior to delivery/dependable undertaking.]			
This offer expires on [22 July 1992]. Unless a request for extension is made by the Purchaser and granted by the USG, the offer will terminate on the expiration date.			
This page through page [4], plus Letter of Offer and Acceptance Standard Terms and Conditions attached, are a part of this LOA.			
The undersigned are authorized representatives of their Governments and hereby offer and accept, respectively, this LOA:			
_____ U.S. Signature	[30 May 92] Date	_____ Purchaser Signature	_____ Date
[A. R. Smith [Director]] _____ Typed Name and Title	_____ Typed Name and Title		
[Navy Intl Prgms Office] _____ Implementing Agency		_____ Agency	
_____ DSAA	_____ Date		
Information to be provided by the Purchaser:			
Mark For Code _____, Freight Forwarder Code _____, Purchaser Procuring Agency Code _____, Name and Address of the Purchaser's Paying Office			
_____ _____			

Table 2-1

**UNITED STATES OF AMERICA LETTER OF OFFER AND ACCEPTANCE**  
**(CONTINUED)**

Additional details regarding codes, acronyms, and financial data may be found in attached "Letter of Offer and Acceptance Information".

Items to be Supplies (costs and months for delivery are estimates):

(1).	(3).	(4).	(5).	(6).	(7).
Itm	Qty,	Unit of	SC/MOS/	Oftr Del	
Nbr	(2).	Issue	Costs	TA or	Rel Trm
	<u>Description/Condition</u>	<u>(a) Unit</u>	<u>(b) Total</u>	<u>Note</u>	<u>Cde Cde</u>
[001	M1B 020200M1SSLTA(N)		\$1,000,000	X(24)	A 4
	TECHNICAL SERVICES			TA 4	
	(Note 1)				

(8)	Net Estimated Cost	\$[ 1,000,000 ]
(9)	Packing, Crating, and Handling	\$[ ]
(10)	Administrative Charge	\$[ 30,000 ]
(11)	Transportation	\$[ ]
(12)	(Specify; e.g., "Supply Support Arrangement")	\$[ ]
(13)	Total Estimated Cost	\$[ 1,030,000 ]

To assist in fiscal planning, the USG provides the following anticipated costs of this LOA:

ESTIMATED PAYMENT SCHEDULE

<u>Payment Date</u>	<u>Quarterly</u>	<u>Cumulative</u>
[Initial Deposit	\$ 268,750	\$ 268,750
15-Dec-92	126,875	395,625
15-Mar-93	126,875	522,500
15-Jun-93	126,875	649,375
15-Sep-93	126,875	776,250
15-Dec-93	126,875	903,125
15-Mar-94	126,875	1,030,000 ]

Identifier [BD-P-BLX]

Page 2 of [4] pages

**Table 2-1 (Continued)**

**UNITED STATES DEPARTMENT OF DEFENSE OFFER AND**  
**ACCEPTANCE (DD FORM 1513)**

<b>UNITED STATES DEPARTMENT OF DEFENSE OFFER AND ACCEPTANCE</b>				(1) PURCHASER (Name and Address) (ZIP Code)					
(2) PURCHASER'S REFERENCE			(3) CASE IDENTIFIER						
<b>OFFER</b>									
<p>Pursuant to the Arms Export Control Act, the Government of the United States (USG) hereby offers to sell to the above purchaser the defense articles and defense services listed below (hereinafter referred to collectively as "items" and individually as "defense articles" or "services"), subject to the terms contained herein and conditions set forth in Annex A, and to such other special terms and conditions which may be part of, and appended to, this Offer and Acceptance.</p>									
(4) _____ Signature (U.S. Dept/Agency Authorized Representative)				(9) _____ Countersignature (Office of the Comptroller, DSAA) (Date)					
(5) _____ Typed Name and Title				(10) _____ Typed Name and Title					
(6) ADDRESS: _____				(11) DSAA ACCOUNTING ACTIVITY _____					
(7) DATE: _____									
(8) THIS OFFER EXPIRES: _____									
<p>NOTE: This offer must be accepted not later than the date shown in block 8. Within five (5) days of the acceptance, you must notify the Office of the Comptroller, DSAA. Otherwise, this Offer is cancelled and retention of initial deposit by offerer pending disposition instructions shall not be deemed a waiver of such cancellation. Request prompt notification if this offer is rejected.</p>									
ITEM OR REF. NO. (12)	ITEM DESCRIPTION (Including Stock Number if applicable) (13)	QUANTITY (14)	UNIT OF ISSUE (15)	ESTIMATED		AVAILABILITY AND REMARKS (18)	OFFER RE-LEASE CODE (19)	DE-LIVERY TERM CODE (20)	
				UNIT COST (16)	TOTAL COST (17)				
(21) ESTIMATED COST				\$					
(22) ESTIMATED PACKING, CARATING, AND HANDLING COST				\$					
(23) ESTIMATED GENERAL ADMINISTRATIVE COSTS				\$					
(24) ESTIMATED CHARGES FOR SUPPLY SUPPORT ARRANGEMENT				\$					
(25) OTHER ESTIMATED COSTS (Specify)				\$					
(26) ESTIMATED TOTAL COSTS				\$					
(27) TERMS				(28) AMOUNT OF INITIAL DEPOSIT - \$					
<b>ACCEPTANCE</b>									
(29) I am a duly authorized representative of the Government of _____ and upon behalf of said Government, accept this offer under the terms and conditions contained herein (30) this _____ day of _____ 19____				(33) MARK FOR CODE _____					
				(34) FREIGHT FORWARDER CODE _____					
				(35) PROCURING AGENCY _____					
				(36) DESIGNATED PAYING OFFICE _____					
(31) _____ SIGNATURE				(37) ADDRESS OF DESIGNATED PAYING OFFICE _____					
(32) _____ TYPED NAME AND TITLE									

Table 2-2

★

**UNITED STATES OF AMERICA AMENDMENT TO LETTER OF  
OFFER AND ACCEPTANCE**

**United States of America**

**Amendment to Letter of Offer and Acceptance**

[BD-P-BLX]

Based on [BANDEF ltr 2/343 of 12 Aug 92]

Pursuant to the Arms Export Control Act, the Government of the United States (USG) offers to amend the Letter of Offer and Acceptance (LOA) identified above for the purchase of defense articles, defense services, or both. Other provisions, terms, and conditions of the original LOA remain unchanged.

This Amendment is for: [Extends Basic LOA Item 1 period of availability . Purchaser request, extends period of performance for 12 months. Basic LOA accepted 18 Jul 92.]

Estimated Cost: [ \$1,545,000]                      Initial Deposit: [\$134,375]  
Terms of Sale: [Cash prior to delivery/dependable undertaking.]

This offer expires on [5 December 1992]. Unless a request for extension is made by the Purchaser and granted by the USG, this offer will terminate on the expiration date.

This page through page [3] attached are a part of this Amendment.

The undersigned are duly authorized representatives of their Governments and hereby respectively offer and accept this Amendment:

_____	[5 Sep 92]	_____	_____
U.S. Signature	Date	Purchaser Signature	Date
[A. R. Smith [Director]	_____	_____	_____
Typed Name and Title	_____	Typed Name and Title	_____
[Navy International Programs Office]	_____	_____	_____
Implementing Agency	_____	Agency	_____
_____	_____	_____	_____
DSAA	Date	_____	_____

**Table 2-3**



**UNITED STATES OF AMERICA AMENDMENT TO LETTER OF OFFER AND ACCEPTANCE**

[This Amendment consists of changes as follows:

(1). Itm <u>Nbr</u>	(2). <u>Item Description</u>	(3). Qty, Unit of <u>Issue</u>	(4). Costs <u>(a) Unit</u> <u>(b) Total</u>	(5). SC/MOS/ TA or <u>Note</u>	(6). (7). Ofr Del Rel Trm <u>Cde</u> <u>Cde</u>
<u>Previous</u>					
001	M1B 020200M1SSLTA(N) TECHNICAL SERVICES (Note 1)		1,000,000	X(24) TA 4	A 4
<u>Revised</u>					
001	M1B 020200M1SSLTA(N) TECHNICAL SERVICES (Note 1)		1,500,000	X(36) TA 4	A 4

	<u>Previous</u>	<u>Revised</u>
(8) Net Estimated Cost	\$ 1,000,000	\$ 1,500,000
(9) Packing, Crating, and Handling		
(10) Administrative Charge	30,000	45,000
(11) Transportation		
(12) (Specify; e.g., "Supply Support Arrangement")		
(13) Total Estimated Cost	1,030,000	1,545,000

To assist in fiscal planning, the USG provides the following revised anticipated costs of this LOA:

<u>Payment Date</u>	<u>Quarterly</u>	<u>Cumulative</u>
Cumulative to Date	NA	\$ 395,625
[Initial Deposit	\$ 134,375	530,000
15-Jun-93	126,875	656,875
15-Sep-93	126,875	783,750
15-Dec-93	126,875	910,625
15-Mar-94	126,875	1,037,500
15-Jun-94	126,875	1,164,375
15-Sep-94	126,875	1,291,250
15-Dec-94	126,875	1,418,125
15-Mar-95	126,875	1,545,000 ]

Identifier [BD-P-BLX]

Page 2 of [3] pages

**Table 2-3 (Continued)**

★ UNITED STATES OF AMERICA MODIFICATION TO OFFER AND ACCEPTANCE

<p><b>United States of America</b></p> <p><b>Modification [1] to Letter of Offer and Acceptance</b></p> <p><b>[BD-P-BLX]</b></p> <p>Based on [cost adjustments due to experience during program execution.]</p> <p>Pursuant to the Arms Export Control Act, the Government of the United States (USG) hereby notifies the Purchaser of Modification of the Letter of Offer and Acceptance (LOA) identified above. All other terms and conditions of the LOA remain unchanged.</p> <p>This Modification is for: [Cost adjustments to Amendment Item Number 1 based on experience while executing the program. LOA accepted 18 Jul 92.]</p> <p>Estimated Cost: [ \$1,442,000 ]                      Initial Deposit: [ \$ -0- ]</p> <p>Terms of Sale: [Cash prior to delivery/dependable undertaking.]</p> <p>This page through page [3] attached are part of this Modification.</p> <p>The undersigned are duly authorized representatives of their Governments and hereby respectively furnish and acknowledge receipt of this Modification:</p> <table style="width: 100%; border: none;"> <tr> <td style="width: 50%; vertical-align: top;"> <div style="display: flex; justify-content: space-between; border-bottom: 1px solid black; margin-bottom: 5px;"> <span></span> <span>[8 Jan 93]</span> </div> <div style="display: flex; justify-content: space-between; margin-bottom: 10px;"> <span>U.S. Signature</span> <span>Date</span> </div> <div style="display: flex; justify-content: space-between; margin-bottom: 10px;"> <span>[A. R. Smith]</span> <span></span> </div> <div style="display: flex; justify-content: space-between; margin-bottom: 10px;"> <span>[Director]</span> <span></span> </div> <div style="display: flex; justify-content: space-between; margin-bottom: 10px;"> <span>Typed Name and Title</span> <span></span> </div> <div style="display: flex; justify-content: space-between; margin-bottom: 10px;"> <span>[Navy International Programs Office]</span> <span></span> </div> <div style="display: flex; justify-content: space-between; margin-bottom: 10px;"> <span>Implementing Agency</span> <span></span> </div> <div style="display: flex; justify-content: space-between; margin-bottom: 10px;"> <span></span> <span></span> </div> <div style="display: flex; justify-content: space-between;"> <span>DSAA</span> <span>Date</span> </div> </td> <td style="width: 50%; vertical-align: top;"> <div style="display: flex; justify-content: space-between; border-bottom: 1px solid black; margin-bottom: 5px;"> <span></span> <span></span> </div> <div style="display: flex; justify-content: space-between; margin-bottom: 10px;"> <span>Purchaser Signature</span> <span>Date</span> </div> <div style="display: flex; justify-content: space-between; margin-bottom: 10px;"> <span></span> <span></span> </div> <div style="display: flex; justify-content: space-between; margin-bottom: 10px;"> <span>Typed Name and Title</span> <span></span> </div> <div style="display: flex; justify-content: space-between; margin-bottom: 10px;"> <span></span> <span></span> </div> <div style="display: flex; justify-content: space-between; margin-bottom: 10px;"> <span>Agency</span> <span></span> </div> </td> </tr> </table>				<div style="display: flex; justify-content: space-between; border-bottom: 1px solid black; margin-bottom: 5px;"> <span></span> <span>[8 Jan 93]</span> </div> <div style="display: flex; justify-content: space-between; margin-bottom: 10px;"> <span>U.S. Signature</span> <span>Date</span> </div> <div style="display: flex; justify-content: space-between; margin-bottom: 10px;"> <span>[A. R. Smith]</span> <span></span> </div> <div style="display: flex; justify-content: space-between; margin-bottom: 10px;"> <span>[Director]</span> <span></span> </div> <div style="display: flex; justify-content: space-between; margin-bottom: 10px;"> <span>Typed Name and Title</span> <span></span> </div> <div style="display: flex; justify-content: space-between; margin-bottom: 10px;"> <span>[Navy International Programs Office]</span> <span></span> </div> <div style="display: flex; justify-content: space-between; margin-bottom: 10px;"> <span>Implementing Agency</span> <span></span> </div> <div style="display: flex; justify-content: space-between; margin-bottom: 10px;"> <span></span> <span></span> </div> <div style="display: flex; justify-content: space-between;"> <span>DSAA</span> <span>Date</span> </div>	<div style="display: flex; justify-content: space-between; border-bottom: 1px solid black; margin-bottom: 5px;"> <span></span> <span></span> </div> <div style="display: flex; justify-content: space-between; margin-bottom: 10px;"> <span>Purchaser Signature</span> <span>Date</span> </div> <div style="display: flex; justify-content: space-between; margin-bottom: 10px;"> <span></span> <span></span> </div> <div style="display: flex; justify-content: space-between; margin-bottom: 10px;"> <span>Typed Name and Title</span> <span></span> </div> <div style="display: flex; justify-content: space-between; margin-bottom: 10px;"> <span></span> <span></span> </div> <div style="display: flex; justify-content: space-between; margin-bottom: 10px;"> <span>Agency</span> <span></span> </div>
<div style="display: flex; justify-content: space-between; border-bottom: 1px solid black; margin-bottom: 5px;"> <span></span> <span>[8 Jan 93]</span> </div> <div style="display: flex; justify-content: space-between; margin-bottom: 10px;"> <span>U.S. Signature</span> <span>Date</span> </div> <div style="display: flex; justify-content: space-between; margin-bottom: 10px;"> <span>[A. R. Smith]</span> <span></span> </div> <div style="display: flex; justify-content: space-between; margin-bottom: 10px;"> <span>[Director]</span> <span></span> </div> <div style="display: flex; justify-content: space-between; margin-bottom: 10px;"> <span>Typed Name and Title</span> <span></span> </div> <div style="display: flex; justify-content: space-between; margin-bottom: 10px;"> <span>[Navy International Programs Office]</span> <span></span> </div> <div style="display: flex; justify-content: space-between; margin-bottom: 10px;"> <span>Implementing Agency</span> <span></span> </div> <div style="display: flex; justify-content: space-between; margin-bottom: 10px;"> <span></span> <span></span> </div> <div style="display: flex; justify-content: space-between;"> <span>DSAA</span> <span>Date</span> </div>	<div style="display: flex; justify-content: space-between; border-bottom: 1px solid black; margin-bottom: 5px;"> <span></span> <span></span> </div> <div style="display: flex; justify-content: space-between; margin-bottom: 10px;"> <span>Purchaser Signature</span> <span>Date</span> </div> <div style="display: flex; justify-content: space-between; margin-bottom: 10px;"> <span></span> <span></span> </div> <div style="display: flex; justify-content: space-between; margin-bottom: 10px;"> <span>Typed Name and Title</span> <span></span> </div> <div style="display: flex; justify-content: space-between; margin-bottom: 10px;"> <span></span> <span></span> </div> <div style="display: flex; justify-content: space-between; margin-bottom: 10px;"> <span>Agency</span> <span></span> </div>				

Table 2-4

**UNITED STATES OF AMERICA MODIFICATION TO OFFER AND ACCEPTANCE**

[This Modification provides notification of changes as follows:

(1). Itm <u>Nbr</u>	(2). <u>Item Description</u>	(3). Qty, Unit of <u>Issue</u>	(4). Costs <u>(a) Unit</u> <u>(b) Total</u>	(5). SC/MOS/ TA or <u>Note</u>	(6). (7). Ofr Del Rel Trm <u>Cde</u> <u>Cde</u>
---------------------------	---------------------------------	---	--	---	--

Previous

001	M1B 020200M1SSLTA(N)		1,500,000	X(36)	A 4
	TECHNICAL SERVICES			TA 4	
	(Note 1)				

Revised

001	M1B 020200M1SSLTA(N)		1,400,000	X(36)	A 4
	TECHNICAL SERVICES			TA 4	
	(Note 1)				

PreviousRevised

(8)	Net Estimated Cost	\$	1,500,000	\$	1,400,000
(9)	Packing, Crating, and Handling				
(10)	Administrative Charge		45,000		42,000
(11)	Transportation				
(12)	(Specify; e.g., "Supply Spt Agmt")				
(13)	Total Estimated Cost		1,545,000		1,442,000

To assist in fiscal planning, the USG provides the following revised anticipated costs of this LOA:

<u>Payment Date</u>	<u>Quarterly</u>	<u>Cumulative</u>
Cumulative to Date		\$ 529,990
[Initial Deposit	-0-	529,990
15-Jun-93	83,091	613,081
15-Sep-93	118,417	731,498
15-Dec-93	118,417	849,915
15-Mar-94	118,417	968,332
15-Jun-94	118,417	1,086,749
15-Sep-94	118,417	1,205,166
15-Dec-94	118,417	1,323,583
15-Mar-95	118,417	1,442,000 ]

## Signed Copy Distribution:

1. Upon acknowledgement of receipt, the Purchaser should return one signed copy of this Modification to Defense Finance and Accounting Service (DFAS), ATTN: DFAS-DE/I, Denver, CO 80279-2000.

2. One signed copy should also be returned to [Department of the Navy, Navy International Programs Office, Washington, DC 20350-5000.]

Identifier [BD-P-BLX]

Page 2 of [3] pages

Table 2-4 (Continued)

**UNITED STATES DEPARTMENT OF DEFENSE AMENDMENT TO OFFER AND  
ACCEPTANCE (DD FORM 1513-1)**

<b>UNITED STATES DEPARTMENT OF DEFENSE AMENDMENT TO OFFER AND</b>				(1) PURCHASER (Name and Address) (ZIP Code)				
(2) PURCHASER'S REFERENCE		(3) AMDT NO.		(4) CASE IDENTIFIER				
<b>OFFER TO AMEND</b>								
Pursuant to the Arms Export Control Act, the Government of the United States (USG) hereby offers to amend the above case for the purchase of defense articles and defense services subject to all other terms and conditions of the original case remaining unchanged.								
(5) _____ Signature (U.S. Dept/Agency Authorized Representative)				(10) _____ Countersignature (Office of the Comptroller, DSAA) (Date)				
(6) _____ Typed Name and Title				(11) _____ Typed Name and Title				
(7) ADDRESS: _____								
(8) DATE: _____								
(9) THIS OFFER EXPIRES: _____								
NOTE: This Amendment to Offer must be accepted not later than the date shown in block 9. Within five (5) days of its acceptance, you must so notify the Office of the Comptroller, DSAA. Otherwise, this Offer is cancelled and retention of initial deposit by offerer pending disposition instructions shall not be deemed a waiver of such cancellation. Request prompt notification if this offer is rejected.								
(12) DESCRIPTION AND REASON(S) FOR AMENDMENT:								
ITEM OR REF. NO. (13)	ITEM DESCRIPTION (Including Stock Number if applicable) (14)	QUANTITY (15)	UNIT OF ISSUE (16)	ESTIMATED		AVAILA- BILITY AND REMARKS (19)	OFFER RE- LEASE CODE (20)	DE- LIVERY TERM CODE (21)
				UNIT COST (17)	TOTAL COST (18)			
				(a) PREVIOUS COST		(b) AMENDED COST		
(22) ESTIMATED COST				\$		\$		
(23) ESTIMATED PACKING, CRATING, AND HANDLING COST				\$		\$		
(24) ESTIMATED GENERAL ADMINISTRATIVE COSTS				\$		\$		
(25) ESTIMATED CHARGES FOR SUPPLY SUPPORT ARRANGEMENT				\$		\$		
(26) OTHER ESTIMATED COSTS (Specify)				\$		\$		
(27) ESTIMATED TOTAL COSTS				\$		\$		
(28) TERMS								
<b>ACCEPTANCE OF</b>								
(29) I am a duly authorized representative of the Government of _____ and upon behalf of said Government, accept this offer to amend under the terms and conditions contained herein (30) this _____ day of _____, 19 _____.								
(31) TYPED NAME AND TITLE				(32) SIGNATURE				

Table 2-5

**UNITED STATES DEPARTMENT OF DEFENSE NOTICE OF MODIFICATION OF  
OFFER AND ACCEPTANCE (DD FORM 1513-2)**

<b>UNITED STATES DEPARTMENT OF DEFENSE NOTICE OF MODIFICATION OF OFFER AND ACCEPTANCE</b>				(1) PURCHASER (Name and Address) (ZIP Code)		
(2) PURCHASER'S REFERENCE		(3) NOTICE NO.		(4) CASE IDENTIFIER		
<b>NOTICE OF MODIFICATION</b>						
Pursuant to the Arms Export Control Act, the Government of the United States (USG) hereby notifies the purchaser of modification of the above designated case. All other terms and conditions of the original case remain unchanged.						
(5) _____ Signature (U.S. Dept/Agency Authorized Representative) (6) _____ Typed Name and Title (7) ADDRESS: _____ (8) DATE: _____				(9) _____ Countersignature (Office of the Comptroller, DSAA) (Date) (10) _____ Typed Name and Title		
(11) DESCRIPTION AND REASON(S) FOR MODIFICATION						
ITEM OR REF NO.	ITEM DESCRIPTION (Including Stock Number, if applicable)	QUANTITY	UNIT OF ISSUE	ESTIMATED		AVAILABILITY AND REMARKS
				UNIT COST	TOTAL COST	
(12).	(13).	(14).	(15).	(16).	(17).	(18).
RECAPITULATION OF TOTAL DD FORM 1513 (Or 1513-1)		(a) PREVIOUS COST		(b) REVISED COST		
(19) ESTIMATED COST		\$		\$		
(20) ESTIMATED PACKING, CARATING, AND HANDLING COSTS		\$		\$		
(21) ESTIMATED GENERAL ADMINISTRATIVE COSTS		\$		\$		
(22) ESTIMATED CHARGES FOR SUPPLY SUPPORT ARRANGEMENT		\$		\$		
(23) OTHER ESTIMATED COSTS (Specify)		\$		\$		
(24) ESTIMATED TOTAL COSTS		\$		\$		
<b>ACKNOWLEDGEMENT OF RECEIPT</b>						
(25) I am a duly authorized representative of the Government of _____ and upon behalf of said Government, acknowledge receipt of this notice of modification (26) this _____ day of _____, 19 _____.						
(27) TYPED NAME AND TITLE				(28) SIGNATURE		

Table 2-6

**UNITED STATES DEPARTMENT OF DEFENSE NOTICE OF MODIFICATION OF  
OFFER AND ACCEPTANCE (DD FORM 1513-2, CONTINUED)**

(29) CONTINUATION

**REMARKS**

1. DD Form 1513-2 is utilized to record modifications to an existing DD Form 1513 and any related amendments thereto, but only for those modifications which do not constitute a change in scope. Modifications appropriate for DD Form 1513-2 include all notifications of price increases and related changes in payment schedules.
2. Changes in scope of a DD Form 1513 require a formal amendment, utilizing DD Form 1513-1. Such changes are those which affect the type or number of major items and/or services to be provided or which significantly alter system configuration or functions. Such changes must be made by utilization of DD Form 1513-1.
3. DD Form 1513-2 does not require acceptance by the recipient country (customer) but merely acknowledgement of receipt. (DD Form 1513-1 does require acceptance).
4. All terms and conditions of an existing DD Form 1513 and any related amendments thereto not specifically noted to be modified by a DD Form 1513-2 are understood to remain unchanged and in effect.

**Table 2-6 (Continued)**

**FMS PLANNING DIRECTIVE (DD FORM 2061)**

FMS PLANNING DIRECTIVE												
<div> <div> (1) FMS Case No. _____</div> <div> (2) FMS Case Submitted to Foreign Government _____</div> <div> (3) Date Offer Expires _____</div> <div> (4) Date Case Accepted by Foreign Government _____</div> </div> <div> <div>(5) Total Case Value _____</div> <div>(6) Control Number _____</div> <div>(7) Date Prepared _____</div> <div>(8) DoD Component _____</div> </div>												
(9).	(10).	(11).	(12).	(13).	(14).	(15).	(16).			(17).	(18).	(19).
Case Item No	Item Description	Qty	Pricing Elements	Financing Approp.	Estimated Cost	Direct Cite/ Oblig Auth Rec'd to Date ( )	Funding Required to Date ( )			Current FY ( ) Funding Plan	Remaining Program Value	Budget Year ( ) Funding Plan
							Obligations Incurred	Unobligated Commitments	Items from Stock			

DD Form 2061  
MAR 79

**Table 2-7**

FMS OBLIGATIONAL AUTHORITY (DD FORM 2060)

FMS OBLIGATIONAL AUTHORITY									
(1) Performing Component _____									
(2) Period Covered _____									
(3) FMS Case Commitment/Obligation Authority	(4) Total Case Value	(5) Amount to Be Held in Trust Fund	(6) Net Case Value	Prior Period Reimbursable Funding/Direct Authority (FY )			Authority Required This FY ( )		(12) Remaining Program Value
				(7) Received	(8) Required	(9) Withdrawn	(10) Reimbursable	(11) Direct Cite	
(13) Balance br't fwd.									
(14) Case Total									
(15) Admin Expense									
(16) Total									
PART B: Financing Accounts									
(17) Appropriation Title _____	(18) Account Symbol _____								
(19) Balance Brought Forward									
(20) Obligational Authority									
<p>(21) We will accept (1) orders to be performed on a reimbursable basis in the amounts shown in column 10, (2) authority for a direct cite against 97-11X8242 for amounts designated (C) in column 11, and (3) allotments in amounts designated (A) in column 11.</p> <p>(22) In approving this form, we hereby issue (1) reimbursable orders on a case-by-case basis as shown in column 10, (2) authority for performance on a direct cite basis for the total of the amounts designated (C) in column 11 but not to exceed the amounts specified by case, and (3) an allotment for the total of the amounts designated (A) in column 11 but not to exceed the amounts specified by case.</p>									
<p>Name of Accepting/Requesting Official _____</p> <p>Name of Offering/Approving Official _____</p> <p>(23) Approval Control No. _____</p>									

DD Form 2060  
1 MAR 79

Table 2-8



GENERATION OF BUDGET AUTHORITY (NEW CASES)

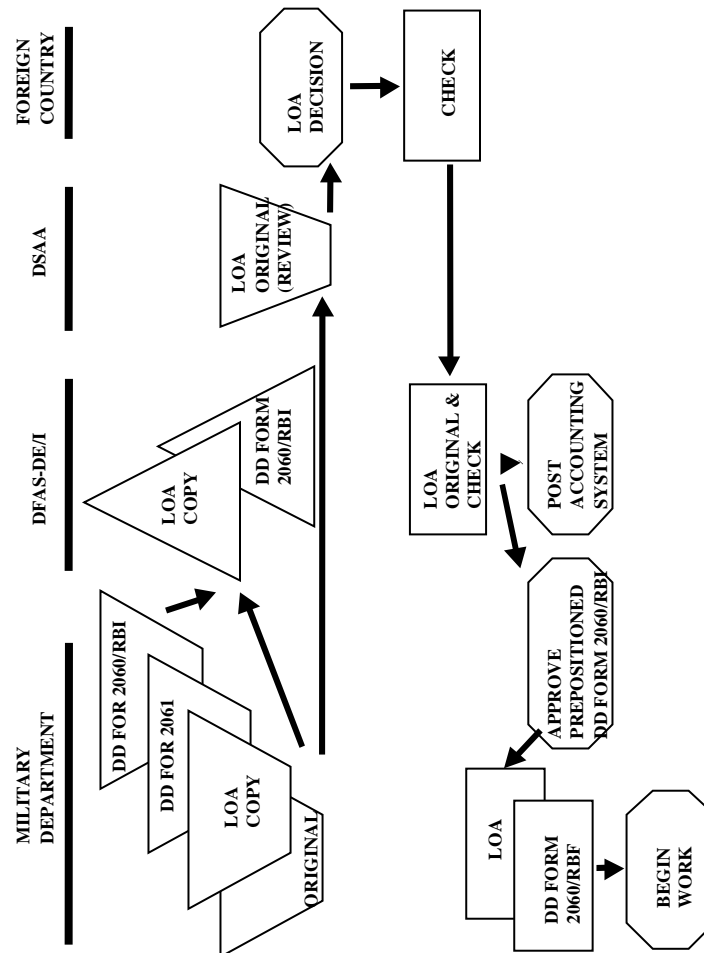


Table 2-9

0202 PREPARATION AND PROCESSING OF DD FORMS 2061 AND 2060 FOR OTHER THAN COOPERATIVE LOGISTICS SUPPLY SUPPORT ARRANGEMENTS (CLSSAs)

★ 020201. General. DD Forms 2061 and 2060 shall be prepared for each case and updated as necessary. The manual forms or automated equivalent are required for all cases in the process of implementation and for all new cases that have been submitted to FMS customers for acceptance. The DD Form 2061 reflects detailed pricing elements, planned financing appropriations (or direct citation), obligational authority required for the current year, and an estimate of obligational authority for the budget year. The DD Form 2061 and DD Form 2060 shall be developed initially at the time the LOA data is prepared. The DD Form 2060 shall be included with the LOA package and the DD Form 2061 retained by the implementing agency as work paper backup for the LOA package. Activities, from whom articles or services will be furnished in fulfilling case requirements, shall provide the case manager the necessary data to accomplish his or her responsibilities. The case manager must ensure that all applicable nonrecurring research, development and production costs are included in the LOA package and identified for reimbursement to the appropriate Miscellaneous Receipts Account in the DD Form 2060, Part B. The initial DD Form 2061 may be an abbreviated financial analysis. However, as execution begins the DD Form 2061 must be expanded to encompass all required cost elements and data. DD Forms 2061 and DD Form 2060 shall also be prepared:

A. In support of requests for amendments and modifications reflecting financial impact.

B. In support of price changes of less than 10 percent of the estimated cost of articles and services (utilizing the most recently approved document).

C. In support of significant variation in performing accounts discovered subsequent to case implementation. "Significant" will be interpreted as \$100,000 between reimbursable accounts or between direct cite and reimbursable accounts.

D. In support of changes in current year obligational authority (OA) requirements within the net case value as reflected on the most recently approved DD Form 2061 and DD Form 2060.

E. As necessary, to ensure adequate OA is available in the budget year before commencement of that year.

F. At case closure.

020202. Preparation of DD Forms 2061 and 2060. All DD Forms 2061 and 2060 or automated equivalents are cumulative documents. Therefore, case managers shall maintain an audit trail that will relate each form to its predecessor.

A. To ensure positive control over the flow of documentation, the case managers shall assign and maintain a system of control numbers, composed of the FMS customer

country code, case designator, Julian Date, and serial number; for example, BC-ADK-79181 03. Specific guidance on the construction of the control number is provided in Table 2-10.

B. All amounts on DD Form 2061 and DD Form 2060 will be in dollars and cents (United States currency).

C. Before the end of each fiscal year, unless real time DD Form 2060 procedures are in effect, the implementing agency shall submit a consolidated DD Form 2060 roll-up to the DFAS-DE/I requesting budget year obligational authority. This roll-up of case data will be based on information taken from Column 19 "Budget Year ( ) Funding Plan," of the DD Form 2061 and is necessary to ensure that case execution is not delayed due to funding problems.

D. Each case manager preparing the year-end DD Form 2060 shall identify the obligational authority requirements through the end of the upcoming fiscal year. If it is determined that the sum of the budget year, current year, and prior year requirements exceed the case materiel value, the case manager shall initiate action for the processing of a case amendment, modification, or less-than-10 percent increase, as appropriate.

E. In addition, case managers shall scrutinize financial performance on a continuing basis to ensure the availability of sufficient obligational authority for both the current fiscal year and completion of the case.

F. Tables 2-10 through 2-14 provide procedural guidance and examples to be used preparing DD Form 2061 and 2060 or automated equivalent. Table 2-10 shows DD Form 2061 preparation procedures. The various pricing elements and related appropriations and funds required to prepare a DD Form 2061 are listed and explained in Table 2-11. Table 2-12 contains examples of DD Form 2061 pricing element and funding entries for typical FMS cases. Procedures for completing a DD Form 2060 are in Table 2-13 and an example of a completed DD Form 2060 is illustrated in Table 2-14.

G. Table 2-15 describes the automated RBI/RBF Interface Transaction used to report, request, and approve budget authority from the implementing agencies to the DFAS-DE/I. This procedure is the primary means of transmission of budget information ensuring positive control of data.

020203. Prior Versions of LOAs. Instructions on the following pages are for the illustrative DD Form 2061 used in this Volume and are keyed to the current versions of the LOA. When using older versions of the form, the block numbers will vary.

★ **DD FORM 2061 COMPLETION PROCEDURES** (Table 2-10)

Note: The term "LOA" as used herein refers to the most recent LOA, amendment, or modification accepted or acknowledged by the foreign government.

<u>Line/ Col.</u>	<u>Description</u>	<u>Procedures</u>
1	FMS Case Number BC-P-ADK	Perpetuate LOAs. Use the format in Table 2-12 or an automated equivalent.
2	Date LOA Submitted to Foreign Government	Obtain from date of LOA.
3	Date Offer Expires	Obtain from expiration date of LOA.
4	Date Case Accepted by Foreign Government.	Obtain from acceptance date of LOA.
5	Total Case Value	Must agree with total of Column 14 and "Estimated Total Costs" of LOA.
6	Control Number	Consists of country code, case designator, Julian date (YYDDD), and a two-digit sequential number. Initial DD Form 2061 will use sequential number 01, with each succeeding submission using 02, 03, etc. The Julian date must agree with the data entered on line 7. Use the format BD-ADK-79346 01.
7	Date Prepared	Date formally prepared. Must agree with Julian date used in control number. Use the format 12 Dec 1998.
8	DoD Component/ Case Manager	Enter the DoD Component, followed by the case manager's name, organization, and DSN number, that is, Navy, J. Smith, NAVAIR, 222-7890
9	Case Item Number	This entry must match the entries on the LOA.
10	Item Description	This entry must match the item description on the LOA. Abbreviated titles should be used. However, when information is classified, enter "Classified-Refer to LOA."
11	Quantity	This entry must match exactly the entries on the LOA. Columns 9, 10, and 11 should show no further breakdown than is or will be reflected on the LOA.
12	Pricing Elements	This column will be used to provide breakdown of the cost of the article or service by pricing element using codes provided by Table 2-11.
13	Financing Approp- riation	For each pricing element, Column 12, enter the first impacted appropriation (the financing appropriation) or

<u>Line/Col.</u>	<u>Description</u>	<u>Procedures</u>
		fund for reimbursable actions; or enter "DC" for Direct Citation (for example, when the FMS Trust Fund will be directly cited on obligation documents). More than one appropriation may be entered for some pricing elements. Annual appropriations will reflect the applicable fiscal year.
14	Estimated Cost	Enter the estimated cost (priced in accordance with Chapter 7) for each financing appropriation, Column 13. For each item number with multiple entries in Columns 13 and 14, enter "Item No. Costs" in Column 13 after the last entry and the sum (subtotal) of the estimated costs for that item in Column 14. This sum must equal the line item total cost to be reflected on proposed LOA, amendment, or modification. For less than 10% increases, this amount will reflect the adjusted cost of the article or service. For each item number citing a single financing appropriation, the entry in Column 14 should be the cost of the item.
15	Direct Cite/Obligational Authority received to date most recent prior fiscal year (e.g. FY97 during FY98)	Leave blank if case was not implemented in a prior fiscal year. Enter, by financing appropriation Column 13, the amount of obligational authority issued by the DFAS-DE/I through the end of the prior fiscal year. Column 15 should be adjusted for withdrawals of unused obligational authority at the end of the previous year.
16	Funding Required to Date (same fiscal year entered in Column 15)	Leave blank if case was not implemented in a prior fiscal year. Columns 16a, 16b, and 16c provide a horizontal breakdown of amounts entered in Column 16d.
16a	Obligations Incurred	
16b	Unobligated Commitments	
16c	Items from Stock	
16d	TOTAL	Enter, by financing appropriation in Column 13, the obligational authority committed through the end of the prior fiscal year.
<p><u>Note:</u> On successive DD Forms 2061 in the same fiscal year, Columns 15 and 16 are constant and reflect the status by financing appropriation as of September 30 of the prior fiscal year. These entries, in total, must agree with the entries in Columns 7 and 8, respectively, of the annual consolidated DD Form 2060.</p>		
17	Current FY ( ) Funding Plan	Enter the current fiscal year in the parentheses, e.g., (1998). For a new case in which obligational authority will not be required until a subsequent fiscal year, Column 17 should

**Table 2-10 (Continued)**

<u>Line/Description</u> <u>Col.</u>	<u>Procedures</u>
	reflect that subsequent year as the current fiscal year. Enter, by financing appropriation, the current FY obligational authority requirements. On successive DD Forms 2061, these figures are cumulative.
18      Remaining Program Value	Enter, by financing appropriation, the result of Column 14 minus the "total" of Column 16 minus column 17. This entry must not be a negative amount.
19      Budget Year ( ) Funding Plan	Enter the fiscal year following the year shown in Column 17. Enter, by financing appropriation, the budget year obligational authority requirements. Amounts shown in Column 19 must not exceed the amounts shown in Column 18.
SUBTOTALS	
If the DD Form 2061 is prepared in support of a request for an increase of less than 10%, the following two lines will also be entered.	
10 and      Subtotal 14-19	Enter "Subtotal" and the vertical sums of Columns 14 through 19. Check sums horizontally. Columns 14=16+17+18.
10, 14,      Less than 10% and 18      increase	Enter "Less than 10% increase." In Columns 14 and 18, enter the amount of the cumulative net increase in the total materiel/services value.
10 and      Net Case Value 14-19	Enter "Net Case Value" and the vertical sums of columns 14 through 19. Column 14 should agree with the "Estimated Cost" of the LOA. Check sums horizontally. Columns 14=16+17+18.
10,      PC&H (if applic- 12-14,      able) and 18	Enter "PC&H (___%)," Pricing element "OS," and Financing Appropriation "TF." Columns 10, 14, and 18 should be completed with the proper rate and amount as computed in accordance with Chapter 7. PC&H charges were discontinued for DoD Working Capital Funds items effective October 1, 1990.
10,      Admin (if applic- 12-14,      able) and 18	Enter "ADMIN (___%)," Pricing element "OS," and Financing Appropriation "TF." Columns 10, 14, and 18 should be completed with the proper rate and amount as computed in accordance with Chapter 7.

Table 2-10 (Continued)

<u>Line/Col.</u>	<u>Description</u>	<u>Procedures</u>
10, 12-14, and 18	Transportation (if applicable)	Enter "TRANS (___%)," and/or Parc. Post (___%)," as appropriate, Pricing element "OS," and Financing Appropriation "TF." Columns 10, 14, and 18 should be completed with the proper rate(s) and amount(s) as computed in accordance with Chapter 7.
		<u>Note:</u> Different rates may be used if partial delivery was made prior to April 13, 1978. The rate to be charged is the rate in effect at the time of delivery.
10, 12-14, and 18	Stock issue asset use (if applicable) for cases implemented after Sep 30, 1979 and all DD Form 2060/2061 submissions subsequent to that date up to Nov 30, 1989)	Enter "SIAU (1%)," Pricing Element "AU," Financing Appropriation "TF." In Columns 14 and 18, enter the amount computed in accordance with Chapter 7. Discontinued November 30, 1989.
10 and 14-19	Total Case Value	Enter "Total Case Value" and the vertical sum of Columns 14 through 19 for "Net Case Value" and PCH&T, Admin, Storage, and SIAU. Check sums horizontally. Columns 14=16+17+18. Column 14 should match the "Total Estimated Cost" line of the LOA.
10	Summary	Enter "Summary:"
10, 14-19	Reimbursable Program	As applicable, enter "Reimbursable Program" in Column 10. Sum columns 14 through 19 for all entries with other than "DC" or "TF" in Column 13.
10, 14-19	Direct Cite Program	As applicable, enter "Direct Cite Program" in column 10. Sum columns 14 through 19 for all entries with "DC" in Column 13.

If the DD Form 2061 is prepared in support of a less than 10% increase, the following two lines will also be entered:

10, 14-19	Subtotal	Enter "Subtotal" in Column 10. Sum "Reimbursable Program" and "Direct Cite Program," Columns 14 through 19.
10, 14, and 18	Less than 10% increase	Enter "Less than 10% increase" in Column 10. In Columns 14 and 18, enter the negative amount of the cumulative net increase in the total materiel/services value.
10, 14-19	Net Case Value	Enter "Net Case Value" in column 10. Sum "Reimbursable Program" and "Direct Cite Program," or, if applicable, "Subtotal" and "Less than 10% increase," Columns 14 through 19.

**Table 2-10 (Continued)**

<u>Line/Col.</u>	<u>Description</u>	<u>Procedures</u>
------------------	--------------------	-------------------

10, 14, and 18	PCH&T, Admin, etc.	If applicable, enter "PC&H," "PCH&T," "Admin," "Trans," and "Storage" in Column 10. Sum Columns 14 and 18 for all entries with "TF" in Column 13.
10, 14-19	Total Case Value	Enter "Total Case Value" in Column 10. Sum "Net Case Value," "PC&H," "Trans," "PCH&T," "Admin," and "Storage" lines (as entered from above procedure) for Columns 14 through 19. Check sums horizontally. Columns 14=16+17+18. Check to insure that each column total matches the sum entered on the previous "Total Case Value" line.

**Table 2-10 (Continued)**



★ **PRICING ELEMENTS AND THEIR FINANCING APPROPRIATIONS (Table 2-11)**

<u>Pricing Element</u>	<u>Description</u>	<u>Appropriation or Fund</u>	<u>Description</u>
AT	Attrition 978242.8209	FMS Trust Fund	Funds collected to cover equipment damaged beyond repair by foreign students.
AU	Asset Use Charges/ Contractor Rental Payments	SDAF or Miscellaneous Receipt Account 3041, as applicable	Applied as a percentage of the direct costs being billed and is in lieu of separate computations for charges required to be applied in order to recover taxpayer investment (sunk cost) in inventory or facilities (see Chapter 7). Note: Discontinued effective with all deliveries reported to the DFAS-DE/I after December 1989.
CC	Contract Cost	Direct citation of FMS Trust Fund or applicable appropriation/fund symbol (see Chap 1)	Cost of defense articles or services being supplied from procurement.
CP	Services of Civilian Personnel	Applicable appropriation/fund (O&M, RDT&E, or DoD Working Capital Funds)	Cost of civilian personnel services (including cost of fringe benefits reimbursed to the performing account and accelerated for leave and holidays when applicable) (see Chapter 7).
CR	Civilian Retirement Funded by DoD	Applicable appropriation/fund (O&M, RDT&E, or DoD Working Capital Funds)	This is an optional code that identifies the cost of civilian retirement benefits reimbursable to the performing account. Computed on basis of prescribed acceleration factors (see Chapter 7). This cost element may be included as part of CP.
CD	Civilian Retirement Not Funded by DoD	Miscellaneous Receipt Account 3041	Cost of civilian retirement benefits not reimbursable to the performing account. Computed on basis of prescribed acceleration factors (see Chapter 7).
CS	Contract Audit Support (for FY of Performing 1980 and prior, applies to FMS and commercial contracts; after FY 1980, applies to commercial contracts only)	O&M Appropriation Activity	Audit costs incurred in the evaluation of a contractor bid proposal or the audit of claims for incurred costs.

Table 2-11

<u>Pricing Element</u>	<u>Description</u>	<u>Appropriation or Fund</u>	<u>Description</u>
CX	Contract Administration Service (in FY81, used in lieu of CS & QS)	Trust Fund (TF), centrally managed by the DFAS-DE/I	Cost of the contract administration tasks set forth in the FAR, subpart 42.3 [reference (g)] and audit.
EG	DoD Engineering Support	O&M Appropriation of Performing Activity	Government-provided engineering services that are required to solve problems encountered during the production run, or efforts to improve the item's capabilities to meet predetermined specifications.
FS	DoD Production, Testing, and Evaluation Support	O&M, RDT&E Appropriation, or DoD Working Capital Funds	Government production testing and evaluation costs to be recovered on a pro-rata basis over benefiting production run items.
LS	Logistics Support Charge (LSC)	Trust Fund (TF) centrally managed by the DFAS-DE/I	Cost of logistics support. Note: Discontinued for DoD Working Capital Funds items, on or after October 1, 1990.
MP	Services of Military Personnel	Military Personnel (MP) Appropriations	Cost of military personnel services based on standard composite pay rates (as accelerated for leave and holidays when applicable) (see Chapter 7). Includes retirement for FY 85 and subsequent.
MR	Retired Military Pay (Note: This pricing element applies to FY 84 and prior)	Miscellaneous Receipt Account 3041 FY 84 and prior. See MP for 85 and subsequent years	Cost of imputed military retirement determined by applying appropriate acceleration factor to military personnel services costs (see Chapter 7).
MX	Other Benefits (when applicable)	O&M Appropriation of Performing Activity	Cost for portion of quarters, subsistence, medical, and other personnel support costs not included in MP. Computed by applying appropriate acceleration factor to military personnel service costs (see Chapter 7).
OS	Other Support	"TF" for PCH&T, Storage and Admin. Other appropriations, as applicable.	Other costs not specifically defined. PCH&T does not apply to DoD Working Capital Funds items delivery reported on or after October 1, 1990.

Table 2-11 (Continued)

<u>Pricing Element</u>	<u>Description</u>	<u>Appropriation or Fund</u>	<u>Description</u>
QS	DoD Quality Assurance Support (For FY 1980 and prior, applies to FMS cases and to commercial contracts; after FY 1980 applies to commercial contracts only)	O&M Appropriation of Performing Activity	Government-applied quality assurance costs to be recovered either on the basis of individual items examined or on a pro-rata basis over benefiting production run items.
RD	R&D and non-recurring production recoupment	SDAF 11X4116 or Miscellaneous Receipt Account 3041, as applicable	Recovery of nonrecurring costs as specified by Chapter 7.
RF	Royalty Fees	SDAF 11X4116 or Miscellaneous Receipt Account 3041, as applicable	Collection of royalty fees.
RS	Special RDT&E	RDT&E Appropriation	Special RDT&E effort being accomplished specifically for the FMS customer.
SA	Articles obtained from inventory for SDAF	SDAF 11X4116	Sale SDAF items originally obtained from DoD inventories.
SD	Articles procured from contractors for SDAF	SDAF 11X4116	Sale of SDAF items obtained from procurement.
SF	Articles from Stock not requiring replacement	SDAF or Miscellaneous Receipt Account 3041, as applicable	Sale of assets not requiring inventory replacement.
SR	Articles from stock requiring replacement	Procurement Appropriation or DoD Working Capital Funds	Sale of materiel requiring inventory replacement as a result of sale.

Table 2-11 (Continued)

<u>Element</u>	<u>Description</u>	<u>Appropriation or Fund</u>	Pricing
			<u>Description</u>
TF	Charges applied by the DFAS-DE/I	Trust Fund (TF), centrally managed by DFAS-DE/I	Below-the-line cost on the LOA (PCH, administrative fee, transportation, etc.) PCH does not apply to DoD Working Capital Funds items delivery reported on or after October 1, 1990
TR	Training related expenses for formal training	Direct Cite or appropriation account	The expenses related to the conduct of formal training.
TX	Transportation	Applicable appropriation or fund	Costs for transportation when DTS is approved and used. The DFAS-DE/I applied transportation charges do not apply to DoD Working Capital Funds material effective October 1, 1990, for generic code L1A, and effective October 1, 1991, for generic code L1D and L1E.

Special Pricing Element Codes for Air Force Training Cases

AR	Air Force Reserve	Air Force Reserve Appropriation	That portion of training reimbursement passed to Air Force Reserve.
DM	Depot Maintenance	DoD Working Capital Funds	That dollar portion of training course cost identified for depot maintenance.
NG	Air National Guard	National Guard Appropriation	That portion of training reimbursement passed to National Guard.
PL	Aviation POL	DoD Working Capital Funds	That dollar portion of training course cost identified POL.
TC	Reimbursement to a Foreign Government	Country TF	Third Country training with reimbursement from the second country.
XN	Reimbursable Orders to Navy	Direct Cite or Navy Appropriation Account which accepted order	That portion of the training case passed to Navy for execution.
XA	Reimbursable Orders to Army	Direct Cite or Army Appropriation Account which accepted order	That portion of the training case passed to Army for execution.

**Table 2-11 (Continued)**

<u>Element</u>	<u>Description</u>	<u>Pricing</u>	
		<u>Appropriation or Fund</u>	<u>Description</u>
XX	Reimbursable Orders to Defense Agencies	Direct Cite or Agency Appropriation Account which accepted order	That portion of the training case passed to Defense Agency for execution.
DI	Reimbursable Orders to DISAM	Direct Cite or AF Appropriation Account which accepted order	That portion of the training case passed to DISAM for execution.
M2	Military Personnel PCS	Military Pay Appropriation	Military personnel PCS costs incurred to accomplish FMS training case.
IP	Information Program Funds	Direct Cite or Appropriation Account which accepted order	That portion of the training case which funds the information program.
ML	Minor Construction	O&M Appropriation	That portion of the training case applicable to minor construction.

Table 2-11 (Continued)

**FMS PLANNING DIRECTIVE (DD FORM 2061) EXAMPLE**

FMS PLANNING DIRECTIVE													
(1) FMS Case No. <u>BC-P-ADK</u> (2) FMS Case Submitted to Foreign Government <u>XX</u> (3) Date Offer Expires <u>31 Oct 85</u> (4) Date Case Accepted by Foreign Government <u>30 Jun. 1985</u> <u>Navy/J. Smith</u> <u>NAVAIR, AV 222-7890</u>													
(9) Case Item No	(10) Item Description	(11) Qty	(12) Pricing Elements	(13) Financing Approp.	(14) Estimated Cost	(15) Direct Cite/ Obligi/ Auth Rec'd to Date ( )	(16) Funding Required to Date ( )			(17) Current FY ( ) Funding Plan	(18) Remaining Program Value	(19) Budget Year ( ) Funding Plan	
							Obligations Incurred	Unobligated Commitments	Items from Stock				Total
A. LINES 1 AND 5 THROUGH 8 MUST BE COMPLETED ON ALL FORMS. LINES 2,3, AND 4 SHOULD BE COMPLETED IF INFORMATION IS AVAILABLE; THE APPROPRIATE FISCAL YEARS MUST BE INSERTED IN THE PARENTHESES ABOVE COLUMNS 15, 16, AND 19.													
B. MATERIAL AND SERVICES PROCURED FROM A CONTRACTOR OR NON-DOD SOURCE. CONTRACT TO BE AWARDED IN THE CURRENT YEAR. CONTRACT ADMINISTRATION SERVICES APPLICABLE TO THE CURRENT YEAR. INCLUDES RECOUPMENT OF NON-RECURRING RESEARCH AND DEVELOPMENT AND NON-RECURRING PRODUCTION COSTS.													
1.	Ship	1	CC CX RD	DC TF 3041	2,450,000 36,750 200,000					2,450,000 36,750	200,000	200,000	
C. MATERIAL PRODUCED BY NAVY INDUSTRIALLY FUNDED (NIF) ACTIVITY, 80% OF WORK TO BE COMPLETED IN THE CURRENT YEAR. ASSET USE CHARGES AND RETIREMENT SHOWN SEPARATELY.													
1.	Bomb	20	CC CP CR CD AU*	DC 17X4912 17X4912 3041 3041	800,000 26,491 1,735 5,576 1,353					640,000 21,533 1,388 4,461 1,082	160,000 5,388 347 1,115 271	160,000 5,388 347 1,115 271	
D. MATERIAL PRODUCED BY NON-NIF NAVY ACTIVITY, 70% OF WORK TO BE COMPLETED IN THE CURRENT YEAR. ASSET USE AND RETIREMENT SHOWN SEPARATELY.													
1.	Film	1 Lot	OS OS CP CP CR CR CD AU*	1761804 1771804 1761804 1771804 1761804 1771804 3041 3041	350,000 150,000 18,544 7,947 1,215 520 5,576 21,353					350,000 0 18,544 0 1,215 0 3,903 14,947	0 150,000 0 7,947 0 520 1,673 6,406	0 150,000 0 7,947 0 520 1,673 6,406	

DD Form 2061  
1 MAR 79

\*Asset use was applicable prior to 30 November 1989.

Table 2-12

**FMS PLANNING DIRECTIVE (DD FORM 2061) EXAMPLE (CONTINUED)**

FMS PLANNING DIRECTIVE													
(1) FMS Case No. BC-P-ADK		(5) Total Case Value		XX									
(2) FMS Case Submitted to Foreign Government		(6) Control Number		BC-D-ADK-86181.01									
(3) Date Offer Expires 31 Oct 85		(7) Date Prepared		30 Jun. 1985									
(4) Date Case Accepted by Foreign Government		(8) DoD Component		Naval/J. Smith									
				NAVAIR. AV 222-7890									
(9) Case Item No	(10) Item Description	(11) Qty	(12) Pricing Elements	(13) Financing Approp.	(14) Estimated Cost	(15) Direct Cite/ Obligi Auth Rec'd to Date ( )	(16) Funding Required to Date ( )			(17) Current FY ( ) Funding Plan	(18) Remaining Program Value	(19) Budget Year ( ) Funding Plan	
							Obligations Incurred	Unobligated Commitments	Items from Stock	Total			
E.	MATERIAL PROVIDED FROM NON-EXCESS STOCK ITEMS - 50% FROM NSF, 25% FROM OPN (NEW PROCUREMENT) AND 25% FROM DLA												
1.	Spare Parts		SR	17X4911	80,000						80,000		
			CC	1761810	40,000						40,000		
			SR	97X4961	40,000						40,000		
			AU*	3041	1,200						1,200		
			CX	TF	600						600		
			LS	TF	5,022						5,022		
F.	MATERIEL PROVIDED FROM EXCESS STOCK												
1.	Helo Rotors	3	SF	3041	9,000						9,000		
			AU*	3041	90						90		
G.	CIVILIAN PERSONNEL COSTS PERFORMING AT A U.S. GOVERNMENT FACILITY, 50% IN THE CURRENT YEAR, 30% IN THE BUDGET YEAR AND 20% IN THE FOLLOWING YEAR. ASSET USE CHARGES AND RETIREMENT SHOWN SEPARATELY.												
1.	Services of Civ Pers		CP	1761804	13,246						13,246	0	
			CP	1771804	7,947						0	7,947	
			CP	1781804	5,298						0	5,298	
			CR	1761804	868						868	0	
			CR	1771804	520						0	520	
			CR	1781804	347						0	347	
			CD	3041	5,576						2,788	1,115	
			AU*	3041	1,353						677	406	

DD Form 2061  
1 MAR 79

\*Asset use was applicable prior to 30 November 1989.

Table 2-12 (Continued)

**FMS PLANNING DIRECTIVE (DD FORM 2061) EXAMPLE (CONTINUED)**

FMS PLANNING DIRECTIVE													
(1) FMS Case No. <u>BC-PADK</u> (2) FMS Case Submitted to Foreign Government <u>XX</u> (3) Date Offer Expires <u>31 Oct 85</u> (4) Date Case Accepted by Foreign Government <u>30 Jun. 1985</u> <u>Navy/J. Smith</u> <u>NAVAIR, AV 222-7890</u>													
(9) Case Item No.	(10) Item Description	(11) Qty	(12) Pricing Elements	(13) Financing Approp.	(14) Estimated Cost	(15) Direct Cite/ Oblig Auth Rec'd to Date ( )	(16) Funding Required to Date ( )			(17) Current FY ( ) Funding Plan	(18) Remaining Program Value	(19) Budget Year ( ) Funding Plan	
							Obligations Incurred	Unobligated Commitments	Items from Stock				
H.	MILITARY PERSONNEL COSTS PERFORMING AT A U.S. GOVERNMENT FACILITY, 75% IN THE CURRENT YEAR, 25% IN THE BUDGET YEAR.												
1.	MILPERS		MP	1761453	50123					50,123	0	0	
			MP	1771453	16707					0	16,707	16,707	
			MX	1761804	3007					3,007	0	0	
			MX	1771804	1002					0	1,002	1,002	
			AU*	3041	2,834					2,126	708	708	
I.	RECOUPMENT OF NONRECURRING RESEARCH AND DEVELOPMENT AND NONRECURRING PRODUCTION COSTS IN THE CURRENT YEAR (INCLUDED IN END ITEM COST).												
1.	Nonrecurring Costs		RD	3041	202800					202,800			
J.	CONTRACT ADMINISTRATION SERVICES PROVIDED BY DLA, ASSET USE AND UNFUNDED RETIREMENT CHARGES SHOWN SEPARATELY.												
1.	CAS		CS	9760100	8,300					8,300			
			AU*	3041	332					332			
K.	RECOVERY OF ROYALTY FEES RELATED TO THE SALE OF A TECHNICAL DATA PACKAGE, BASED ON IN-COUNTRY PRODUCTION.												
1.	TDP		RF	3041	6,000					6,000			
L.	SALE OF EXCESS SHIP, "AS IS, WHERE IS," WITH APPLICABLE R&D RECOUPMENT.												
1.	Ex-USS Boat		SF	3041	2,225,000					2,225,000			
			RD	3041	50,000					50,000			
M.	SALE OF AN ITEM WHOSE DESCRIPTION WOULD REQUIRE CLASSIFICATION OF THE DD FORM 2061.												
1.	"Classified"		CC	DC	2,000,000					2,000,000			

DD Form 2061  
1 MAR 79

\*Asset use was applicable prior to 30 November 1989.

Table 2-12 (Continued)



**FMS PLANNING DIRECTIVE (DD FORM 2061) EXAMPLE (CONTINUED)**

<b>FMS PLANNING DIRECTIVE</b>													
(1) FMS Case No. <u>BC-P-ADK</u> (2) FMS Case Submitted to Foreign Government <u>XX</u> (3) Date Offer Expires <u>31 Oct 85</u> (4) Date Case Accepted by Foreign Government <u>30 Jun. 1985</u> <u>Navv/J. Smith</u> <u>NAVAIR, AV 222-7890</u>													
(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)			(17)	(18)	(19)	
Case Item No	Item Description	Qty	Pricing Elements	Financing Approp.	Estimated Cost	Direct Cite/ Obligi/ Auth Rec'd to Date ( )	Obligations Incurred	Unobligatd Commitments	Items from Stock	Total	Current FY ( ) Funding Plan	Remaining Program Value	Budget Year ( ) Funding Plan
N.	FOREIGN LIAISON OFFICE AT A U.S. NAVY-OWNED FACILITY. ASSET USE OF 4% OF ALL OTHER CHARGES APPLIED IN LIEU OF SPACE RENTAL CHARGES. ASSUME THE FOLLOWING CHARGES: 1) TELEPHONE-\$250; 2) OFFICE EQUIPMENT-\$800; 3) MAIL-\$350; 4) DUPLICATING-\$1,000; 5) PRINTING-\$500; 6) TOLL CHARGES-\$800; 7) ADP SERVICES-\$400; AND 8) INDIRECT BASE SUPPORT-\$400.												
1.	Foreign Liaison Office		OS AU*	1761804 3041	4,500 180						4,500 180		
O.	SAME EXAMPLE AS ABOVE EXCEPT THAT 1) FACILITY IS RENTED BY NAVY; 2) PRO RATA SHARE OF RENTAL CHARGES IS \$2,500; AND 3) INDICATE BASE SUPPORT INCLUDED IN SPACE RENTAL CHARGE. ASSET USE IS 4% OF TOTAL												
1.	Foreign Liaison Office		OS AU*	1761804 3041	6,600 264						6,600 264		
P.	EXAMPLE OF PRIOR, CURRENT AND FUTURE YEAR DATA USING NO YEAR (X) ACCOUNT.												
1.	Special Support		OS AU*	17X4912 3041	288,462 264	144,231 5,770	108,173 4,327			108,173 4,327	144,231 5,770	36,058 1,443	36,058 1,443
Q.	EXAMPLE OF PCH&H, ADMIN AND SOTCK ISSUE ASSET USE (SIAU), THROUGH TOTAL CASE VALUE.												
	NET CASE VALUE 1 Lot		OS	TF	8,000,000						6,000,000	2,000,000	2,000,000
	PC&H(3.5%)		OS	TF	53,760						0	53,760	0
	Admin(3%)		OS	TF	240,000						0	240,000	0
	Trans(6.25%)		OS	TF	6,250						0	6,250	0
	Parc Post(3.75%)		OS	TF	75,000						0	75,000	0
	SIAU (1%)		AU*	TF	15,360						0	15,360	0
	TOTAL CASE VALUE				8,390,370						14,947	2,390,370	2,000,000

DD Form 2061  
1 MAR 79

\*Asset use was applicable prior to 30 November 1989.

Table 2-12 (Continued)

**FMS PLANNING DIRECTIVE (DD FORM 2061) EXAMPLE (CONTINUED)**

FMS PLANNING DIRECTIVE												
(1) FMS Case No. <u>BC-P-ADK</u> (2) FMS Case Submitted to Foreign Government <u>XX</u> (3) Date Offer Expires <u>31 Oct 85</u> (4) Date Case Accepted by Foreign Government <u>30 Jun 1985</u> (5) Total Case Value <u>BC-D-ADK-86181 01</u> (6) Control Number <u>NAVY/J. Smith</u> (7) Date Prepared <u>NAVAIR AV 222-7890</u> (8) DoD Component												
(9) Case Item No	(10) Item Description	(11) Qty	(12) Pricing Elements	(13) Financing Approp.	(14) Estimated Cost	(15) Direct Cite/ Oblig/ Auth Rec'd to Date ( )	(16) Funding Required to Date ( )			(17) Current FY ( ) Funding Plan	(18) Remaining Program Value	(19) Budget Year ( ) Funding Plan
							Obligations Incurred	Unobligatd Commitments	Items from Stock			
R.	EXAMPLE OF A SUMMARY (EXECUTION TO BE COMPLETED IN BUDGET YEAR). CASE NOT IMPACTED BY A LESS THAN 10% INCREASE.											
	SUMMARY:											
	Reimbursable Program				15,000	15,000	0	5,000	5,000	5,000	5,000	5,000
	Direct Cite Program				45,000	45,000	45,000	0	45,000	0	0	0
	NET CASE VALUE				60,000	60,000	45,000	5,000	50,000	5,000	5,000	5,000
	PC&H, Admin, SIAU*				0	0	0	0	0	0	2,888	0
	TOTAL CASE VALUE				60,000	60,000	45,000	5,000	50,000	5,000	7,888	5,000

DD Form 2061  
1 MAR 79

\*Asset use was applicable prior to 30 November 1989.

Table 2-12 (Continued)

**DD FORM 2060 COMPLETION PROCEDURES (Table 2-13)**

<u>DD Form 2060 Data Element</u>		<u>Information Source</u>	<u>Remarks</u>
<u>Line/Column # Description</u>			
	Type of Request	See remarks	Enter the designation of the document that occasioned the submission of the DD Form 2061 and 2060, e.g., LOA, modification, amendment, less than 10% increase, or DD Form 2061 Revision.
1	Performing Component	See remarks	Enter "Army," "Navy," or "Air Force."
2	Period Covered	Enter the fiscal year for which obligational authority is being requested, e.g., FY81	
<b><u>PART A</u></b>			
3	FMS Planning Directive Control No.	Obtain from line 6 of DD Form 2061	
4	Total Case Value	Obtain from "Total Case Value" line, Column 14, of "Summary" section of DD Form 2061. Also equals line 5, DD Form 2061.	
5	Amount to be Held in Trust Fund	Obtain from "PCH&T, Admin, and Storage, Column 14, in "Summary" section of DD Form 2061	PCH&T does not apply to DoD Working Capital Funds delivery reported on or after October 1, 1990. Storage charges do not apply to the FMSO I Part A on-hand DoD Working Capital Funds items.
6	Net Case Value	Computation: Column 4 - Column 5 = Column 6	This amount represents the total which will be provided the performing DoD Component for an FMS case.
7	Received	Obtain from "Net Case Value" line, Column 15, of the "Summary" section DD Form 2061	The entries in block 7, 8, and 9 are constant for a fiscal year and must agree with the entries on the annual consolidated DD Form 2060.

**Table 2-13**

**DD FORM 2060 COMPLETION PROCEDURES (CONTINUED)**

<u>DD Form 2060 Data Element</u>	<u>Information Source</u>	<u>Remarks</u>
<u>Line/Column # Description</u>		
8 Required	Obtain from "Net Case Value" line, Column 16 "Total," of the "Summary" section of the DD Form 2061	
9 Withdrawn	Computation: Column 7- Column 8= Column 9	Represents the amount of funds received in prior periods but not required for case performance. These amounts will be withdrawn from performing DoD Components.
10 & 11 Authority Required this Fiscal Year	Enter the fiscal year from line 2	
10 Reimbursable	Obtain from "Reimbursable Program" line, Column 17, of the "Summary" section of the DD Form 2061	Represents the amount of reimbursable obligation authority required for the current fiscal year.
11 Direct Cite	Obtain from the "Direct Cite" line, Column 17, of the DD Form 2061	Amounts in this column followed by a "(C)" represent direct citation delegation authority required for the current fiscal year. If blank, the request is for an allotment of funds for direct cite, with the implementing agency to be the accounting station.
12 Remaining Program	Computation: Column 6- [Column 8 + Column 10+Column 11]= Column 12. Should agree with "Net Case Value" line, Column 18, of the "Summary" section of the DD Form 2061	May be negative if type of request is for a less-than-10% increase.
13 Balance Brought Forward	N/A	
14 Case Total	N/A	

**Table 2-13 (Continued)**

**DD FORM 2060 COMPLETION PROCEDURES (CONTINUED)**

<u>DD Form 2060 Data Element</u>	<u>Information Source</u>	<u>Remarks</u>
<u>Line/Column # Description</u>		
15	Admin Expense	N/A
16	Total	Sum of entries by column
<b><u>PART B</u></b>		
17	Appropriation Title	Obtain from appropriate DoD Component directives  Enter abbreviated title. Where the case is impacted by an increase of less than 10%, insert an additional line "Less-than-10% increase."
18	Account Symbol	Obtain from DD Form 2061, Column 13  Enter the first impacted (financing) appropriation or fund for reimbursement action; or enter "DC" where the Trust Fund is to be direct cited. Summarize into one line per account.
6	- Net Case Value	Obtain totals (by appropriation) from applicable column on DD Form 2061. Column 9 should be computed as Column 7-Column 8  Individual data under each column. Where the case is impacted by an increase of less than 10%, an appropriate negative entry will be shown in Column 6 and 12 as determined from Columns 14 and 18 of the DD Form 2061.
7	- Received	
8	- Required	
9	- Withdrawn	
10	- Reimbursable	
11	- Direct Cite	
12	- Remaining Program	
19	Balance Brought Forward	N/A
20	Obligational Authority	Enter totals (by column) for each applicable element  Totals should reflect same data as DD Form 2060 summary data reflected in Part A.
21	Signature Block	To be completed by Appropriate DoD Component/Agency
22	Signature Block	To be completed by the DFAS-DE/I
23	Approval Control Number	To be completed by the DFAS-DE/I

**Table 2-13 (Continued)**

**FMS OBLIGATIONAL AUTHORITY (DD FORM 2060) EXAMPLE**

FMS OBLIGATIONAL AUTHORITY									
FMS Case Commitment/Obligation Authority									
(1) Performing Component <u>Navy</u>		(2) Period Covered <u>1986</u>		(12) Remaining Program Value					
(3) FMS Planning Directive	(4) Total Case Value	(5) Amount to Be Held in Trust Fund	(6) Net Case Value	Prior Period Reimbursable Funding/Direct Authority (FY )		Authority Required This FY ( )		(11) Direct Cite	(12) Remaining Program Value
				(7) Received	(8) Required	(9) Withdrawn	(10) Reimbursable		
BC-ADK-86181 02	7,473,923	217,687	7,256,236	6,203,500	1,812,079	4,391,421	22,100	4,420,057	1,002,000
(13) Balance b7r fwd.									
(14) Case Total									
(15) Admin Expense									
(16) Total									
<b>PART B: Financing Accounts</b>									
(17) Appropriation Title	(18) Account Symbol								
Direct Cite	DC		7,207,655	6,162,237	1,790,744	4,371,493	0	4,420,057	996,854
NIF	17X4912		36,101	30,863	13,015	17,848	17,940	0	5,146
O&M, N	1761804		8,000	10,000	8,000	2,000	0	0	0
O&M, N	1771804		4,000	0	0	0	4,000	0	0
Misc Receipts	304 1		480	400	320	80	160	0	0
(19) Balance Brought Forward									
(20) Obligational Authority			7,256,236	6,203,500	1,812,079	4,391,421	22,100	4,420,057	1,002,000

(21) We will accept (1) orders to be performed on a reimbursable basis in the amounts shown in column 10, (2) authority for a direct cite against 97-11X8242 for amounts designated (C) in column 11, and (3) allotments in amounts designated (A) in column 11.

(22) In approving this form, we hereby issue (1) reimbursable orders on a case-by-case basis as shown in column 10, (2) authority for performance on a direct cite basis for the total of the amounts designated (C) in column 11 but not to exceed the amounts specified by case, and (3) an allotment for the total of the amounts designated (A) in column 11 but not to exceed the amounts specified by case.

Name of Accepting/Requesting Official \_\_\_\_\_

Name of Offering/Approving Official \_\_\_\_\_

(23) Approval Control No. \_\_\_\_\_

DD Form 2060  
1 MAR 79

Table 2-14

**FMS OBLIGATIONAL AUTHORITY (DD FORM 2060) EXAMPLE (CONTINUED)**

FMS OBLIGATIONAL AUTHORITY									
FMS Case Commitment/Obligation Authority									
(1) Performing Component <u>Navy</u>									
(2) Period Covered <u>1986</u>									
(3) FMS Planning Directive	(4) Total Case Value	(5) Amount to Be Held in Trust Fund	(6) Net Case Value	Prior Period Reimbursable Funding/Direct Authority (FY )		Authority Required This FY ( )		(12) Remaining Program Value	
				(7) Received	(8) Required	(9) Withdrawn	(10) Reimbursable		(11) Direct Cite
BC-ADL-86181 02	61,800	1,800	60,000	60,000	50,000	10,000	6,000	5,000	-1,000
(13) Balance brought fwd.									
(14) Case Total									
(15) Admin Expense									
(16) Total									
PART B: Financing Accounts									
(17) Appropriation Title	(18) Account Symbol								
Direct Cite	DC		45,000	45,000	40,000	5,000	0	5,000	0
NIF	17X4912		16,000	15,000	10,000	5,000	6,000	0	0
Less than 10% Increase			-1,000	0	0	0	0	0	-1,000
(19) Balance Brought Forward									
(20) Obligational Authority			60,000	60,000	50,000	10,000	6,000	5,000	-1,000
<p>(21) We will accept (1) orders to be performed on a reimbursable basis in the amounts shown in column 10, (2) authority for a direct cite against 97-11X242 for amounts designated (C) in column 11, and (3) allotments in amounts designated (A) in column 11.</p> <p>(22) In approving this form, we hereby issue (1) reimbursable orders on a case-by-case basis as shown in column 10, (2) authority for performance on a direct cite basis for the total of the amounts designated (C) in column 11 but not to exceed the amounts specified by case, and (3) an allotment for the total of the amounts designated (A) in column 11 but not to exceed the amounts specified by case.</p>									
<p>Name of Accepting/Requesting Official _____</p> <p>Name of Offering/Approving Official _____</p> <p>(23) Approval Control No. _____</p>									

DD Form 2060  
1 MAR 79

Table 2-14 (Continued)

**EXAMPLE OF RBI/RBF INTERFACE TRANSACTION DETAIL**

Data Element Description and Element Abbreviation	Format/ No. of Position	FICS TRC	Edit/Validations of: RBI Input--MILDEP to DFAS-DE/I RBF Feedback--DFAS-DE/I to MILDEP
Document Identifier Code (DIC)	X(3)	002	Must be RBI. If not, reject.
Case Budgetary Requirements (Input) Case Budgetary Requirements (Feedback)			"RBF" A machine generated mirror image of the RBI transaction appended by the Positive Transaction Reply Codes to become the RBF transaction.
Transaction Control No.(TCN) (YYMMDDNNNNNV)	X(13) 4-16	152	Must be numeric and equal to or less than the current date.
		249	Version Number (V) must be "0" if Action Code is "A" (add).
		248	Version Number (V) must be 1 thru 9 if Action Code is "C" (change) and must be one greater than suspense version number.
		251	If Action Code is "C" (change) or "D" (delete), Transaction Control Number (TCN)(excluding V). Must equal suspense file. (YYMMDDNNNNNV)
Action Code	X(1) 17	003	Must be "A", "C", or "D", otherwise invalid. A= Add; C= Change; D= Delete
Country Code (CC)	X(2) 18-19	037	Must equal 00 or 80 or must be on Country Code Table. If not reject.
Implementing Agency Code (IA)	X(1) 20	038	If Site Code = 5 or 6, IA code must be on IA Table.
Case Designator	X(3) 21-23	039	Must be a valid case; if not reject. If country code = 00 case must equal Axx, Mxx, or Lxx where A= ADM, M= MAG, L= LSC and "xx" is alpha-numeric characters equal to program year. If country code = 80, case must equal "CAS". Else case must be on the Active case control file (I) or closed (C) when case is a valid FMS case.
Amount OA Budgeted for Fiscal Year	S9(12) V99 24-37	160	Must be numeric (0-9). May be negative if making current year adjustment to a prior year, if not, reject.
FY Budgeted	X(2) 38-39	157	If country code = 80 or 00, FY budgeted must be alphanumeric. Spaces are not allowed.
		025	If country code not = 80 or 00, FY must be first prior (October only), current or first future (September only).
<b>THE POSITIVE TRANSACTION CONTROL FEEDBACK CONTAINS THE ORIGINAL RBI TRANSACTION PLUS THE FOLLOWING DATA ELEMENTS FOR THE RBF TRANSACTION</b>			
Transaction Reply Code (TRC)	X(15) 40-54		FEEDBACK TRANSACTIONS ONLY. This 15 character element is appended to the feedback format of all interface transactions by the recipient system. This area will contain 1 to 5, 3-digit transaction reply codes to communicate back to the originator system the results of processing the transaction. (Left justified/space filled).

Table 2-15



0203 PREPARATION AND PROCESSING OF DD FORMS 2061 AND 2060 FOR COOPERATIVE LOGISTICS SUPPLY SUPPORT ARRANGEMENTS

020301. General. Proper recognition and phasing of budget authority resulting from LOAs written to implement Cooperative Logistics Supply Support Arrangements (CLSSAs) create unique problems. Under these arrangements the customer funds the acquisition and maintenance of increments to normal DoD inventories and due-ins. Once these increments are established the customer is provided supply support with the same responsiveness as is provided to DoD military units. The applicable LOAs have the following three distinct financial subdivisions.

A. FMSO I, Part A. The FMSO I, Part A, represents the on-hand inventory level required in CONUS to support FMS requisitions to replenish in-country stocks. Normally, the on-hand level represents five months of demand. The cash necessary to establish on-hand inventory accompanies the accepted LOA.

B. FMSO I, Part B. The FMSO I, Part B, results in recognition of the contract authority necessary to award contracts for pipeline to support FMS customer demands. The concept is that the customer's requisition is filled from on-hand inventory acquired under the FMSO I, Part A. The inventory is then replaced by a delivery of a due-in from a contractor. Customer payments under the FMSO II provide the cash necessary to pay the contractor and establish new contract authority to award a contract for additional items--thus maintaining quantities in the pipeline. Because cash received from the FMSO II is used to pay for due-ins, the customer is not required to deposit cash in support of the FMSO I, Part B. However, billings against the FMSO I, Part B, are required if FMSO II demands are below expected levels. The FMSO I, Part B, normally represents 12 months of demand or the procurement lead-time whichever is greater.

C. FMSO II. The FMSO II is the annual consumption case. The FMSO II does not create budget authority until applicable requisitions are received (earned reimbursements) and customer cash is deposited in the financing appropriation account (collected). Upon shipment and collection, additional budget authority is recognized to maintain the pipeline created by the FMSO I, Part B.

020302. Preparation. The FMSO I is written in perpetuity and is modified only if the density of the end items to be supported changes or FMSO consumption patterns differ from expectations. The reimbursable budget authority resulting from acceptance of the FMSO I is credited to financing appropriations current at the time the contracts are awarded to increase on-hand and on-order quantities. The FMSO II is written annually, and the budget authority realized through operation of the FMSO II is credited to appropriations current at the time materiel is released from inventory in response to FMSO II requisitions. An example of an LOA written to implement a FMSO I and applicable DD Forms 2061 and 2060 are at Tables 2-16, 2-17, and 2-18, respectively. An example of an LOA written to implement a FMSO II and applicable DD Forms 2061 and 2060 are at Tables 2-19, 2-20, and 2-21, respectively.

**UNITED STATES DEPARTMENT OF DEFENSE  
OFFER AND ACCEPTANCE (DD FORM 1513) EXAMPLE**

<b>UNITED STATES DEPARTMENT OF DEFENSE OFFER AND ACCEPTANCE</b>				(1) PURCHASER (Name and Address) (ZIP Code)  Ministry of Defense Anywhere, Bandaria				
(2) PURCHASER'S REFERENCE		(3) CASE IDENTIFIER BD-P-KAA						
<b>OFFER</b>								
Pursuant to the Arms Export Control Act, the Government of the United States (USG) hereby offers to sell to the above purchaser the defense articles and defense services listed below (hereinafter referred to collectively as "items" and individually as "defense articles" or "services"), subject to the terms contained herein and conditions set forth in Annex A. and to such other special terms and conditions which may be part of, and appended to, this Offer and Acceptance.								
(4) _____ Signature (U.S. Dept/Agency Authorized Representative)  (5) _____ Typed Name and Title  (6) ADDRESS: _____ (7) DATE: _____ (8) THIS OFFER EXPIRES: _____				(9) _____ Countersignature (Office of the Comptroller, DSAA) (Date) (10) _____ Typed Name and Title  (11) DSAA ACCOUNTING ACTIVITY _____				
NOTE: This offer must be accepted not later than the date shown in block 8. Within five (5) days of the acceptance, you must notify the Office of the Comptroller, DSAA. Otherwise, this Offer is cancelled and retention of initial deposit by offerer pending disposition instructions shall not be deemed a waiver of such cancellation. Request prompt notification if this offer is rejected.								
ITEM OR REF. NO. (12)	ITEM DESCRIPTION (Including Stock Number if applicable) (13)	QUANTITY (14)	UNIT OF ISSUE (15)	ESTIMATED		AVAILA- BILITY AND REMARKS (18)	OFFER RE- LEASE CODE (19)	DE- LIVERY TERM CODE (20)
001	1R1 U00 00000000FMS01  FMS01 - Investment Case  PART A - On Hand  PART B - On Order			UNIT COST (16)	TOTAL COST (17)			
				27,490	93,466			
				65,976				
				(21) ESTIMATED COST \$ 93,466				
				(22) ESTIMATED PACKING, CARATING, AND HANDLING COST \$				
				(23) ESTIMATED GENERAL ADMINISTRATIVE COSTS \$				
				(24) ESTIMATED CHARGES FOR SUPPLY SUPPORT ARRANGEMENT \$ 1,375				
				(25) OTHER ESTIMATED COSTS \$				
				(26) ESTIMATED TOTAL COSTS \$ 94,841				
(27) TERMS  Dependable Undertaking \$ 65,976				(28) AMOUNT OF INITIAL DEPOSIT - \$ 28,865				
<b>ACCEPTANCE</b>								
(29) I am a duly authorized representative of the Government of _____ and upon behalf of _____ said Government, accept this offer under the terms and conditions contained herein (30) this _____ day of _____ 19____  (31) _____ SIGNATURE (32) _____ TYPED NAME AND TITLE				(33) MARK FOR CODE _____ (34) FREIGHT FORWARDER CODE _____ (35) PROCURING AGENCY _____  (36) DESIGNATED PAYING OFFICE _____  (37) ADDRESS OF DESIGNATED PAYING OFFICE _____				

Table 2-16

FMS PLANNING DIRECTIVE (DD FORM 2061) EXAMPLE

FMS PLANNING DIRECTIVE												
(1) FMS Case No. <u>BD-P-KAA</u> (2) FMS Case Submitted to Foreign Government <u>NAVAIR, AV 222-7890</u> (3) Date Offer Expires <u>30 Jun 1985</u> (4) Date Case Accepted by Foreign Government <u>NAVAIR, AV 222-7890</u>												
(5) Total Case Value <u>94,841</u> (6) Control Number <u>BD-P-KAA-86-100-01</u> (7) Date Prepared <u>30 Jun 1985</u> (8) DoD Component <u>Naval J. Smith</u>												
(9) Case Item No	(10) Item Description	(11) Qty	(12) Pricing Elements	(13) Financing Approp.	(14) Estimated Cost	(15) Direct Cite/ Oblig Auth Rec'd to Date ( )	(16) Funding Required to Date ( )			(17) Current FY (86 ) Funding Plan	(18) Remaining Program Value	(19) Budget Year ( ) Funding Plan
							Obligations Incurred	Unobligated Commitments	Items from Stock			
.001	FMSO 1 - Part A		SR	NSF	7,490					7,490		
			SR	APA	10,000					10,000		
			SR	DLA	10,000					10,000		
	FMSO 1 - Part B		SR	NSF	15,976					15,976		
			SR	APA	25,000					25,000		
			SR	DLA	25,000					25,000		
	NET CASE VALUE				93,466					93,466		
	ADMIN (5% of Part A)				1,375					1,375		
	TOTAL CASE VALUE				94,841					94,841		

DD Form 2061  
1 MAR 79

Table 2-17

**FMS OBLIGATIONAL AUTHORITY (DD FORM 2060) EXAMPLE**

FMS OBLIGATIONAL AUTHORITY									
(1) Performing Component Navy									
(2) Period Covered 1996									
FMS Case Commitment/Obligation Authority									
(3) FMS Planning Directive	(4) Total Case Value	(5) Amount to Be Held in Trust Fund	(6) Net Case Value	Prior Period Reimbursable Funding/Direct Authority (FY )			Authority Required This FY ( )		(12) Remaining Program Value
				(7) Received	(8) Required	(9) Withdrawn	(10) Reimbursable	(11) Direct Cite	
BD-KAA-86100-01	94,841	1,375	93,466				93,466	0	0
(13) Balance brought fwd.									
(14) Case Total									
(15) Admin Expense									
(16) Total									
PART B: Financing Accounts									
(17) Appropriation Title (18) Account Symbol									
NSF									
APA									
DLA									
(19) Balance Brought Forward			23,466				23,466	0	0
(20) Obligational Authority			35,000				35,000	0	0
			93,466			0	93,466	0	0
<p>(21) We will accept (1) orders to be performed on a reimbursable basis in the amounts shown in column 10, (2) authority for a direct cite against 97-11X8242 for amounts designated (C) in column 11, and (3) allotments in amounts designated (A) in column 11.</p> <p>(22). In approving this form, we hereby issue (1) reimbursable orders on a case-by-case basis as shown in column 10, (2) authority for performance on a direct cite basis for the total of the amounts designated (C) in column 11 but not to exceed the amounts specified by case, and (3) an allotment for the total of the amounts designated (A) in column 11 but not to exceed the amounts specified by case.</p>									
Name of Accepting/Requesting Official					Name of Officing/Approving Official				
					(23). Approval Control No.				

DD Form 2060  
1 MAR 79

Table 2-18

**UNITED STATES DEPARTMENT OF DEFENSE  
OFFER AND ACCEPTANCE (DD FORM 1513) EXAMPLE**

<b>UNITED STATES DEPARTMENT OF DEFENSE OFFER AND ACCEPTANCE</b>				(1) PURCHASER (Name and Address) (ZIP Code)  Ministry of Defense Anywhere, Bandaria				
(2) PURCHASER'S REFERENCE		(3) CASE IDENTIFIER BD-P-KBA						
<b>OFFER</b>								
Pursuant to the Arms Export Control Act, the Government of the United States (USG) hereby offers to sell to the above purchaser the defense articles and defense services listed below (hereinafter referred to collectively as "items" and individually as "defense articles" or services"), subject to the terms contained herein and conditions set forth in Annex A. and to such other special terms and conditions which may be part of, and appended to, this Offer and Acceptance.								
(4) _____ Signature (U.S. Dept/Agency Authorized Representative) (5) _____ Typed Name and Title (6) ADDRESS: _____ (7) DATE: _____ (8) THIS OFFER EXPIRES: _____				(9) _____ Countersignature (Office of the Comptroller, DSAA) (Date) (10) _____ Typed Name and Title (11) DSAA ACCOUNTING ACTIVITY _____				
NOTE: This offer must be accepted not later than the date shown in block 8. Within five (5) days of the acceptance, you must notify the Office of the Comptroller, DSAA. Otherwise, this Offer is cancelled and retention of initial deposit by offerer pending disposition instructions shall not be deemed a waiver of such cancellation. Request prompt notification if this offer is rejected.								
ITEM OR REF. NO. (12)	ITEM DESCRIPTION (Including Stock Number if applicable) (13)	QUANTITY (14)	UNIT OF ISSUE (15)	ESTIMATED		AVAILA- BILITY AND REMARKS (18)	OFFER RE- LEASE CODE (19)	DE- LIVERY TERM CODE (20)
001	2C1 G4C 9G4G00EQMT  FMSO 2 Requisition Case (Includes storage [Note: 1.5% of line 1 of FMSO No. 1, or \$27,490 X 1.5%])			UNIT COST (16)	TOTAL COST (17)	X		5
				\$ 66,389				
(21) ESTIMATED COST				\$				
(22) ESTIMATED PACKING, CRATING, AND HANDLING COST				\$				
(23) ESTIMATED GENERAL ADMINISTRATIVE COSTS				\$				
(24) ESTIMATED CHARGES FOR SUPPLY SUPPORT ARRANGEMENT				\$ 1,992				
(25) OTHER ESTIMATED COSTS Asset Use & Transportation (Specify)				\$				
(26) ESTIMATED TOTAL COSTS				\$ 68,381				
(27) TERMS				(28) AMOUNT OF INITIAL DEPOSIT - \$ 17,096				
<b>ACCEPTANCE</b>								
(29) I am a duly authorized representative of the Government of _____ and upon behalf of _____ said Government, accept this offer under the terms and conditions contained herein (30) this _____ day of _____ 19____  (31) _____ SIGNATURE (32) _____ TYPED NAME AND TITLE				(33) MARK FOR CODE _____ (34) FREIGHT FORWARDER CODE _____ (35) PROCURING AGENCY _____ (36) DESIGNATED PAYING OFFICE _____ (37) ADDRESS OF DESIGNATED PAYING OFFICE _____ _____				

Table 2-19

FMS PLANNING DIRECTIVE (DD FORM 2061) EXAMPLE

FMS PLANNING DIRECTIVE												
(1) FMS Case No. <u>BD-PKBA</u> (2) FMS Case Submitted to Foreign Government <u>BD-PKBA-86100-01</u> (3) Date Offer Expires <u>30 Jun 1985</u> (4) Date Case Accepted by Foreign Government <u>Naval J. Smith</u> <u>NAVAIR AV 222-7890</u>												
(5) Total Case Value (6) Control Number (7) Date Prepared (8) DoD Component												
(9) Case Item No	(10) Item Description	(11) Qty	(12) Pricing Elements	(13) Financing Approp.	(14) Estimated Cost	(15) Direct Cite/ Oblig Auth Rec'd to Date ( )	(16) Funding Required to Date ( )			(17) Current FY (86 ) Funding Plan	(18) Remaining Program Value	(19) Budget Year ( ) Funding Plan
							Obligations Incurred	Unobligated Commitments	Items from Stock			
.001.	FMSO 2 -		SR	NSF	15,976					15,976		
	Storage		SR	APA	25,000					25,000		
			SR	DLA	25,000					25,000		
			OS	OMIN	413					413		
	NET CASE VALUE				66,389					66,389		
	ADMIN				1,992					1,992		
	TOTAL CASE VALUE				68,381					68,381		

DD Form 2061  
1 MAR 79

Table 2-20

**FMS OBLIGATIONAL AUTHORITY (DD FORM 2060) EXAMPLE**

FMS OBLIGATIONAL AUTHORITY									
FMS Case Commitment/Obligation Authority									
(3) FMS Planning Directive Control No.	(4) Total Case Value	(5) Amount to Be Held in Trust Fund	(6) Net Case Value	Prior Period Reimbursable Funding/Direct Authority (FY )			Authority Required This FY ( )		(12) Remaining Program Value
				(7) Received	(8) Required	(9) Withdrawn	(10) Reimbursable	(11) Direct Cite	
BD-P-KBA	73,925	7,436	66,389				66,389	0	0
(13) Balance brought fwd.									
(14) Case Total									
(15) Admin Expense									
(16) Total									
PART B: Financing Accounts									
(17) Appropriation Title — (18) Account Symbol —									
NSF			16,389				16,389	0	0
APA			25,000				25,000	0	0
DLA			25,000				25,000	0	0
(19) Balance Brought Forward			66,389				66,389	0	0
(20) Obligational Authority									
<p>(21) We will accept (1) orders to be performed on a reimbursable basis in the amounts shown in column 10, (2) authority for a direct cite against 97-11X8242 for amounts designated (C) in column 11, and (3) allotments in amounts designated (A) in column 11.</p> <p>(22) In approving this form, we hereby issue (1) reimbursable orders on a case-by-case basis as shown in column 10, (2) authority for performance on a direct cite basis for the total of the amounts designated (C) in column 11 but not to exceed the amounts specified by case, and (3) an allotment for the total of the amounts designated (A) in column 11 but not to exceed the amounts specified by case.</p>									
<p>Name of Accepting/Requesting Official _____</p> <p>Name of Offering/Approving Official _____</p> <p>(23) Approval Control No. _____</p>									

DD Form 2060  
1 Mar 79

Table 2-21

**0204    PREPARATION AND PROCESSING OF DD FORMS 2060 FOR FMS ADMINISTRATIVE BUDGET AND LOGISTICS EXPENSE**

★      020401.      General. A budget call for the FMS administrative charge will be issued by the DSCA. A DD Form 2060 requesting an allotment to fund actual FMS administrative expenses shall be prepared by a DoD Component upon receipt of the approved the DSCA budget for actual FMS administrative expenses. The initial DD Form 2060 shall request an allotment for the first quarter of the applicable fiscal year. Thereafter, DD Form 2060 shall be submitted prior to the start of each remaining quarter and at the end of the fiscal year. A total of five DD Forms 2060 are required. The deadline(s) for submission to the DFAS-DE/I of the DD Forms 2060 requesting allotment of administrative funds and logistics support funds is as follows: 10 September - 1st Quarter; 10 December - 2nd Quarter; 10 March - 3rd Quarter; 10 June - 4th Quarter; 20 October - End of Year Adjustment. The DSCA will then issue allocations of FMS administrative funds to DoD Components not later than the 20th day of the respective month. Administrative expenses shall be charged directly to the allotment received. Upon receipt of status of allotment reports, the DFAS-DE/I shall, based on organization code, debit the actual cost of administrative organizations to the FMS administrative charge account.

020402.      Preparation. An example of the initial DD Form 2060 is contained in Table 2-22. The approved annual FMS Administrative Budget shall be entered in Part A, Column 6 for "Net Case Value." Column 11 shall reflect the allotment (OA/EA) required for the first quarter. Column 12 shall reflect the difference between Column 6 and Column 11. Table 2-23 contains an example of a follow-up DD Form 2060 (second quarter). Column 7, Part A, shall reflect the amount of OA/EA issued by the DFAS-DE/I in the first quarter; Column 8 the amount actually required; and Column 9, the difference between Column 7 and Column 8. The amount in Column 9 will be withdrawn and reissued as part of the second quarter's required allotment. Column 11 shall reflect the allotment (OA/EA) required for the current quarter (i.e., the second quarter). Column 12 is the difference between Column 6 and the sum of Columns 8 and 11 (i.e., total annual budget minus first quarter's actual OA/EA requirements and the second quarter's anticipated OA/EA requirements). For subsequent DD Forms 2060, Columns 7, 8, and 9 will represent cumulative amounts. The unobligated amount in Column 9 of the DD Forms 2060 for year-end will be available for withdrawal by the DFAS-DE/I.

020403.      Year-End Report. Table 2-24 is an example of a completed year-end DD Form 2060. Part B of the second-through-fourth quarter DD Forms 2060, as well as the final DD Form 2060 at the end of the fiscal year (see Table 2-23 for the second quarter), also shall be completed. Part B shall contain the cumulative dollar amounts of the Trust Fund allotment used for issuing reimbursable order to appropriation accounts by appropriation and cumulative quarterly amounts directly cited to the FMS Trust Fund. Implementing agencies must ensure hardcopy reports agree with computerized submissions. No outstanding commitments should be reported.



**FMS OBLIGATIONAL AUTHORITY (DD FORM 2060) EXAMPLE**

FMS OBLIGATIONAL AUTHORITY									
(1) Performing Component <u>Air Force</u>									
(2) Period Covered <u>1st Qtr 1986</u>									
(3) FMS Case Commitment/Obligation Authority	(4) Total Case Value	(5) Amount to Be Held in Trust Fund	(6) Net Case Value	Prior Period Reimbursable Funding/Direct Authority (FY )			Authority Required This FY ( )		(12) Remaining Program Value
				(7) Received	(8) Required	(9) Withdrawn	(10) Reimbursable	(11) Direct Cite	
N/A			100,000,000	0	0	0	0	30,000,000	70,000,000
(13) Balance b/r't fwd. (14) Case Total (15) Admin Expense (16) Total			100,000,000	0	0	0	0	30,000,000	70,000,000
PART B: Financing Accounts									
(17) Appropriation Title (18) Account Symbol									
(19) Balance Brought Forward (20) Obligational Authority			0	0	0	0	0	0	0

(21) We will accept (1) orders to be performed on a reimbursable basis in the amounts shown in column 10; (2) authority for a direct cite against 97-11X8242 for amounts designated (C) in column 11, and (3) allotments in amounts designated (A) in column 11.

(22) In approving this form, we hereby issue (1) reimbursable orders on a case-by-case basis as shown in column 10; (2) authority for performance on a direct cite basis for the total of the amounts designated (C) in column 11 but not to exceed the amounts specified by case, and (3) an allotment for the total of the amounts designated (A) in column 11 but not to exceed the amounts specified by case.

Name of Accepting/Requesting Official \_\_\_\_\_

Name of Offering/Approving Official \_\_\_\_\_

(23) Approval Control No. \_\_\_\_\_

DD Form 2060  
1 MAR 79

Table 2-22

### FMS OBLIGATIONAL AUTHORITY (DD FORM 2060) EXAMPLE

FMS Case Commitment/Obligation Authority									
<div style="display: flex; justify-content: space-between;"> <span>(1) Performing Component: _____ Air Force _____</span> <span>(2) Period Covered: _____ 2nd Qtr 1986 _____</span> </div>									
(3) FMS Planning Directive Control No.	(4) Total Case Value	(5) Amount to Be Held in Trust Fund	(6) Net Case Value	Prior Period Reimbursable Funding/Direct Authority (FY )			Authority Required This FY ( )		(12) Remaining Program Value
				(7) Received	(8) Required	(9) Withdrawn	(10) Reimbursable	(11) Direct Cite	
N/A			100,000,000	30,000,000	25,000,000	5,000,000		30,000,000	45,000,000
(13) Balance b/f fwd. (14) Case Total (15) Admin Expense (16) Total			100,000,000	30,000,000	25,000,000	5,000,000		30,000,000	45,000,000
PART B: Financing Accounts									
(17) Appropriation Title	(18) Account Symbol								
O&M	5763400								
MP	5763500								
RDT&E	5763600								
Misc Receipts	57 3041								
Direct Cite	5711X8242								
(19) Balance Brought Forward									
(20) Obligational Authority									
(21)		We will accept (1) orders to be performed on a reimbursable basis in the amounts shown in column 10, (2) authority for a direct cite against 97-11X8242 for amounts designated (C) in column 11, and (3) allotments in amounts designated (A) in column 11.							
(22)		In approving this form, we hereby issue (1) reimbursable orders on a case-by-case basis as shown in column 10, (2) authority for performance on a direct cite basis for the total of the amounts designated (C) in column 11 but not to exceed the amounts specified by case, and (3) an allotment for the total of the amounts designated (A) in column 11 but not to exceed the amounts specified by case.							
		<div style="display: flex; justify-content: space-between;"> <span>Name of Accepting/Requesting Official _____</span> <span>Name of Offering/Approving Official _____</span> </div> <div style="display: flex; justify-content: space-between;"> <span>(23) Approval Control No. _____</span> </div>							

DD Form 2060  
1 Mar 79**Table 2-23**

**FMS OBLIGATIONAL AUTHORITY (DD FORM 2060) EXAMPLE**

FMS OBLIGATIONAL AUTHORITY									
FMS Case Commitment/Obligation Authority									
(3) FMS Planning Directive	(4) Total Case Value	(5) Amount to Be Held in Trust Fund	(6) Net Case Value	Prior Period Reimbursable Funding/Direct Authority (FY )		Authority Required This FY ( )		(12) Remaining Program Value	
				(7) Received	(8) Required	(9) Withdrawn	(10) Reimbursable		(11) Direct Cite
N/A			100,000,000	100,000,000	95,000,000	5,000,000		30,000,000	45,000,000
(13) Balance brought fwd.									
(14) Case Total									
(15) Admin Expense									
(16) Total			100,000,000	100,000,000	95,000,000	5,000,000		30,000,000	45,000,000
<b>PART B: Financing Accounts</b>									
(17) Appropriation Title	(18) Account Symbol								
O&M	57 6 3400								
MP	57 6 3500								
RD&E	57 6 3600								
Misc Receipts	57 3041								
Direct Cite	5711X8242								
(19) Balance Brought Forward									
(20) Obligational Authority									
<p>(21) We will accept (1) orders to be performed on a reimbursable basis in the amounts shown in column 10, (2) authority for a direct cite against 97-11X8242 for amounts designated (C) in column 11, and (3) allotments in amounts designated (A) in column 11.</p> <p>(22) In approving this form, we hereby issue (1) reimbursable orders on a case-by-case basis as shown in column 10, (2) authority for performance on a direct cite basis for the total of the amounts designated (C) in column 11 but not to exceed the amounts specified by case, and (3) an allotment for the total of the amounts designated (A) in column 11 but not to exceed the amounts specified by case.</p>									
Name of Accepting/Requesting Official		Name of Offering/Approving Official							
		(23) Approval Control No.							

DD Form 2060  
1 MAR 79

Table 2-24

0205 PREPARATION AND PROCESSING OF DD FORMS 2060 FOR CONTRACT ADMINISTRATION SERVICES (CAS) PROVIDED BY DOD ON COMMERCIAL CONTRACTS

020501. General. New York Control Point of the Defense Logistics Agency (DLA-DCMC International) is the DoD central control point (CCP) for processing foreign country and international organization requests for DoD Contract Administration Services support of commercial contracts. The cases developed by the DoD Central Control Point (DoDCCP) are entered into the DFAS Program Budget and Accounting System (PBAS). The PBAS manages FMS cases and handles the issuances of obligational/expenditure authority. The DoDCCP also uses the PBAS for billing and collection purposes.

0206 PREPARATION AND PROCESSING OF DD FORMS 2060 FOR CONTRACT ADMINISTRATION COSTS INCURRED IN SUPPORT OF FMS CONTRACTS

020601. DD Form 2060 Processing. Paragraph 070405 prescribes a method for recovering the cost incurred in performing contract administration and contract audit on contracts awarded as a result of customer acceptance of an LOA.

★ A. Before actual contract administration and audit costs may be incurred, the DoD Component must establish a reimbursable order in the financing appropriation which will initially pay the actual cost of such services. DoD Components shall submit a letter to the DSCA Comptroller and to the DFAS-DE/I prior to start of the fiscal year. The letter shall specify the amount of anticipated reimbursements for services to be performed during the new fiscal year. The letter to DFAS-DE/I shall be accompanied by a DD Form 2060 which contains in Column 6, Part A, the amount of anticipated reimbursements specified in the letter. Part B of the DD Form 2060 shall list the appropriations and anticipated reimbursements to each. Upon approval of the budget estimate by DSCA, the DFAS-DE/I will approve the DD Form 2060.

B. The approved DD Form 2060 shall constitute the reimbursable order to perform contract administration (or audit) on FMS contracts. There will be no requirement to update this DD Form 2060 until the end of the fiscal year unless there is a change before that time. The year-end DD Form 2060 shall show the actual cost incurred by appropriation. The DFAS-DE/I will use this DD Form 2060 as the basis for withdrawing obligational authority for unobligated balances.

C. Tables 2-25 and 2-26 illustrate the initial and year-end DD Form 2060.

**FMS OBLIGATIONAL AUTHORITY (DD FORM 2060) EXAMPLE**

<b>FMS OBLIGATIONAL AUTHORITY</b>										
FMS Case Commitment/Obligation Authority										
(3) FMS Planning Directive		(4) Total Case Value	(5) Amount to Be Held in Trust Fund	(6) Net Case Value	Prior Period Reimbursable Funding/Direct Authority (FY )			Authority Required This FY ( )		(12) Remaining Program Value
					(7) Received	(8) Required	(9) Withdrawn	(10) Reimbursable	(11) Direct Cite	
N/A				12,000,000	0	0	0	12,000,000		0
(13) Balance b/r't fwd.										
(14) Case Total										
(15) Admin Expense										
(16) Total				12,000,000	0	0	0	12,000,000		0
<b>PART B: Financing Accounts</b>										
(17) Appropriation Title		(18) Account Symbol								
O&M, AF		5713400								
MP, AF		5713500								
Misc Receipts, AF		573041								
(19) Balance Brought Forward										
(20) Obligational Authority		12,000,000								
<p>(21) We will accept (1) orders to be performed on a reimbursable basis in the amounts shown in column 10, (2) authority for a direct cite against 97-11X222 for amounts designated (2) in column 11, and (3) allotments in amounts designated (A) in column 11.</p> <p>(22) In approving this form, we hereby issue (1) reimbursable orders on a case-by-case basis as shown in column 10, (2) authority for performance on a direct cite basis for the total of the amounts designated (2) in column 11 but not to exceed the amounts specified by case, and (3) an allotment for the total of the amounts designated (A) in column 11 but not to exceed the amounts specified by case.</p>										
Name of Accepting/Requesting Official		Name of Offering/Approving Official								
		(23) Approval Control No.								

DD Form 2060  
1 MAR 79

Table 2-25

**FMS OBLIGATIONAL AUTHORITY (DD FORM 2060) EXAMPLE**

<b>FMS OBLIGATIONAL AUTHORITY</b>									
(1) Performing Component ___ Air Force ___									
(2) Period Covered ___ Year-End ___									
FMS Case Commitment/Obligation Authority									
(3) FMS Planning Directive	(4) Total Case Value	(5) Amount to Be Held in Trust Fund	(6) Net Case Value	Prior Period Reimbursable Funding/Direct Authority (FY )		Authority Required This FY ( )		(12) Remaining Program Value	
				(7) Received	(8) Required	(9) Withdrawn	(10) Reimbursable		(11) Direct Cite
N/A			12,000,000	12,000,000	11,859,225	140,775			0
(13) Balance brought fwd.									
(14) Case Total									
(15) Admin Expense									
(16) Total			12,000,000	12,000,000	11,859,225	140,775			0
<b>PART B: Financing Accounts</b>									
<b>(17) Appropriation Title (18) Account Symbol</b>									
O&M, AF	5713400								
MP, AF	5713500								
Misc Receipts, AF	573041								
(19) Balance Brought Forward									
(20) Obligational Authority			12,000,000	12,000,000	11,859,225	140,775			
<p>(21) We will accept (1) orders to be performed on a reimbursable basis in the amounts shown in column 10, (2) authority for a direct cite against 97-11X8242 for amounts designated (C) in column 11, and (3) allotments in amounts designated (A) in column 11.</p> <p>(22). In approving this form, we hereby issue (1) reimbursable orders on a case-by-case basis as shown in column 10, (2) authority for performance on a direct cite basis for the total of the amounts designated (C) in column 11 but not to exceed the amounts specified by case, and (3) an allotment for the total of the amounts designated (A) in column 11 but not to exceed the amounts specified by case.</p>									
Name of Accepting/Requesting Official _____					Name of Offering/Approving Official _____				
					(23). Approval Control No. _____				

DD Form 2060  
1 MAR 79

Table 2-26

0207 BUDGET EXECUTION

020701. Objectives. This section establishes the budget execution requirements which are applicable to the FMS program. Specific objectives are to assure that:

A. Mandatory budget execution reports are submitted to the Office of Management and Budget or the Department of the Treasury in a timely manner and that the reports accurately reflect data recorded in accounting records.

B. Unnecessary FMS Obligational Authority is officially withdrawn from all organizations participating in execution of FMS cases at the end of each fiscal year.

C. FMS case records maintained by implementing agencies are in agreement with the DFAS-DE/I throughout the life of an FMS case.

020702. Responsibilities

A. The DFAS-DE/I is responsible for providing accounting data on FMS Trust Fund operation to DoD Components.

B. The DSCA is responsible for monitoring the FMS program and submission of required FMS Trust Fund budget execution reports.

C. Implementing agencies and supporting DoD Components are responsible for:

1. Conducting year-end reviews of the unobligated FMS reimbursable program to assure unnecessary budget authority is identified and returned to the FMS Trust Fund.

2. Assuring that the FMS reimbursable program is properly reported in appropriation/Defense Working Capital Fund budget execution reports.

3. Submitting financial execution reports accurately and on a timely basis.

4. Reconciling implementing agency FMS case records to the DFAS-DE/I case level accounting records on a periodic basis.

5. Preparing Case Closure Certificates as soon as possible after the case is supply complete but no longer than 24 months after such occurrence.

0208 FMS TRUST FUND BUDGET EXECUTION REPORTS

★ 020801. Execution Reports. There are eight required reports on FMS Trust Fund operations: (a) a monthly SF-133, "Report on Budget Execution for 11X8242, Advances Foreign Military Sales Executive;" (b) a monthly SF-133, "Report on Budget Execution for 11X0085, Offsetting Trust and Receipts, Military Assistance, Executive;" (c) a monthly ACCT-RPT(M)1002, "Report on Appropriations Status by Fiscal Year Programs and Subaccounts;" (d) a semi-annual "Status of Contract Authority" report, TFS Form 7304 on 11X8242; (e) a quarterly "Report on Receivables Due From the Public" on 11X8242; (f) an annual "Analysis of Appropriation and Fund Balances," TFS Form 2108 on 11X8242; (g) appropriate sections of the annual Chief Financial Officer Financial Statements (see section 209); and (h) an annual Federal Agencies' Centralized Trial-Balance System (FACTS) report. Administrative instructions for all eight reports, e.g., the number of required copies and submission times are set forth in Chapter 5 of Volume 6 of this Regulation. Illustrations and specific information about these reports can be found in the same chapter.

0209 FINANCIAL STATEMENTS

★ 020901. Statements. For financial statement guidance concerning the reporting of Foreign Military Sales amounts, see Volume 6B of this Regulation; Chapter 2, paragraph 020104; Chapter 9, paragraph 090203; and Chapter 10, paragraph 101706.

0210 CASE EXECUTION

021001. Fiscal Year-end. At the end of each fiscal year, a review of the reimbursable obligational authority received to implement an FMS case shall be accomplished. The total amount of reimbursable budget authority received is reflected in Column 10 of the DD Form 2060. The review shall serve as the basis to withdraw any unnecessary unobligated balances. The withdrawal shall be accomplished through submission of a year-end DD Form 2060 or automated equivalent. See section 202 of this Volume for instructions on the preparation of the DD Form 2060.

A. Nonexpiring Accounts. At the close of each fiscal year, reimbursable FMS obligational authority shall be retained in a performing DoD account only to the extent that (1) the amounts are required to cover certifiable obligations incurred by the performing account as a result of performance of the order; (2) the amounts have been committed within a formal commitment accounting system, for example, to cover normal administrative lead-time on the next contract escalation clauses; or, (3) items have been delivered from inventory or applicable DoD services have been performed (cash earned reimbursement). Any reimbursable FMS obligational authority not required for these purposes shall be withdrawn from the performing accounts as of September 30 each year. It is recognized that year-end reviews must be made prior to the last day of the fiscal year. Therefore, the amount of obligational authority retained may be somewhat greater than the goal. However, it is expected that estimating procedures shall be improved continually until unnecessary unobligated balances are eliminated.



★ B. Expiring and Expired Accounts. As of the close of each fiscal year, reimbursable FMS obligational authority may be reflected in an expiring account only to the extent that the amounts are earned reimbursements or required to cover certifiable obligations incurred against the performing account. Any reimbursable FMS obligational authority not required to cover obligations in the expiring account shall be withdrawn as of September 30 each year. During the fiscal year, amounts required in expired accounts shall be transferred from the Trust Fund, as necessary, to cover upward obligation adjustments necessitated by within-scope changes to contracts or similar transactions.

★ 021002. Reimbursement of Appropriations and Accounts. Reimbursement to appropriations and accounts, including miscellaneous receipts accounts, upon delivery of items from inventory or performance of DoD services shall be accomplished within 30 days of occurrence (date of shipment or performance).

021003. DD Form 2061. The FMS case DD Form 2061 prescribed in section 202 of this Volume shall be updated as required. The updating of cost elements and financing accounts is necessary to: ensure full recoupment of the costs prescribed in Chapter 7 of this Volume, ensure timely identification of cost increases, and serve as the basis for preparation of all DD Forms 2060 during the life of the case.

021004. FMS Case Closure Procedures

A. General. DoD policy requires that all proper charges and credits be recorded against the applicable FMS case. Thus, case closure does not stop the billing/reporting process, rather it results in a recategorization of the case records from an active status to an inactive status to ensure accessibility for recording subsequent activity. In other words, a case never closes from a DoD accounting perspective.

★ B. Initiating FMS Case Closure. When all ordered items have been physically delivered, all ordered services performed (i.e., supply/services complete) or there is no activity on a blanket order case for 180 days, and all other conditions of the LOA are fulfilled, an FMS case is a candidate for closure. At this time, responsible DoD Components shall determine if there are any open items or Supply Discrepancy Reports (SDRs) and contracting officers shall review any contracts that have not been financially closed to determine if significant financial adjustments of open contracts may occur. The case manager shall ensure the following actions are taken:

1. Request an FMS case Financial Management Worksheet and a listing of historical billing transactions (FK History Listing) from the DFAS-DE/I, if necessary, to reconcile implementing agency records. The implementing agency work-in-progress account should agree with the delivered value. If not, the implementing agency must submit applicable reports to balance.

2. Submit a final DD Form 2061 or automated equivalent to the DFAS-DE/I.

3. Submit a final DD Form 2060 or automated equivalent to the DFAS-DE/I.

4. For all FMS cases **without** remaining unliquidated obligations:

a. The applicable DoD Component shall submit an FMS Case Closure Certificate (Table 2-27) within 24 months after an FMS case is supply complete.

★ b. A DoD Component that determines the final unresolved reconciliation issues for a case in the process of being closed amounts to less than a maximum of \$200 for that case may charge the FMS Administrative Charge Budget, object classification 42.3, "Supply Discrepancy Reports - Charges for Closed FMS Cases" for the amount required to effect final reconciliation and close the case. The DFAS-DE/I will provide the DSCA/COMPT-FMPD with a quarterly summary of certificates received in which amounts have been charged in accordance with this paragraph.

★ c. Should a DoD Component determine that, due to reconciliation issues, a case cannot be closed within 24 months of supply completion, the case, along with identification of the problem or cause believed to prevent case closure, shall be submitted to the DSCA for resolution with the OUSD(C). Such submissions shall be made within 24 months after an FMS case is supply complete and shall include an FMS Case Closure Analysis (Table 2-29) and a copy of the LOA and associated amendments/modifications.

5. For FMS cases **with** remaining unliquidated obligations:

a. For countries participating in accelerated case closure (ACC) procedures:

(1) ACC procedures shall only be used for those countries which explicitly elect such procedures. All countries that have cases financed with MAP/Grant Aid/FMF Credit (non-repayable) are mandatory participants in ACC procedures unless specifically excluded by DSCA.

(2) Once selected by a country, ACC procedures shall apply to all cases of that country.

(3) The applicable DoD Component shall submit an interim Case Closure Certificate, within 24 months after an FMS case is supply complete (see Table 2-28).

(4) The applicable DoD Component shall determine and report the value of any remaining unliquidated obligations. These amounts should be equal to those recorded by the DoD Component.

(5) Using the DoD Component's remaining unliquidated obligations (ULO), DFAS-DE/I shall bill the applicable country using normal billing procedures.

★ (6) The DFAS-DE/I shall record the billed (and subsequently, the collected) amounts in a summary account entitled "Case Closure Suspense Account." At the same time, applicable charges and credits shall be recorded, by country and by case, in subsidiary accounts which total to the case closure suspense account.

(7) When final costs are known and reported by the DoD Components, the DFAS-DE/I shall record such amounts against the Case Closure Suspense Account, and subsidiary account, by country and by case.

(8) Upon receipt and payment of final bills, the DoD Components shall submit final Case Closure Certificates.

(9) On a semi-annual basis, the DFAS shall submit, to the Deputy Chief Financial Officer, OUSD(C), and the DSCA Comptroller, a status report on the Case Closure Suspense Account and subsidiary accounts.

★ (10) Whenever a country's Case Closure Suspense Account has a negative balance of \$100,000 or more for a period of six consecutive months the DFAS-DE/I shall bill the country for the entire balance owed. For example, if the country's suspense account has negative balances of \$100,000 on December 31, \$250,000 on March 31, and \$175,000 on June 30, the DFAS-DE/I will bill the country \$175,000. Such billings should be through the country's omnibus quarterly billing statement and will cite the FMS case involved. DSCA should review the country's Case Closure Suspense account periodically to determine if any refund is warranted.

★ b. All countries that have cases financed with MAP/Grant Aid/FMF Credits (non-repayable) are included in the accelerated procedures, unless excluded by the DSCA.

c. For countries not participating in accelerated case closure procedures: The DoD Components shall submit Case Closure Certificates only after all applicable costs have been finalized.

★ 6. At case closure, the final closure certificate submitted to the DFAS-DE/I may be used in lieu of an LOA amendment or modification unless the FMS customer insists upon a formal amendment or modification.

C. Closure Certification. The FMS Case Closure Certificate (Table 2-27) alerts the DFAS-DE/I to initiate case reconciliation actions. When DoD Components and the DFAS-DE/I FMS case records are reconciled, the DFAS-DE/I shall proceed to reclassify the case to an inactive status and provide a final statement of account to the FMS customer for the DFAS-

DE/I recorded value billed. The implementing agency closes applicable case records. Certifications for case closure for shall be signed by the commander of the activity or his designated representative.

D. Billings After Case Closure

1. For those cases on which accelerated case closure procedures do not apply:

★ a. All cases must be reclassified to active status except for those with a transaction adjustment of \$200 or less. Such adjustments may be charged to the FMS Administrative Charge Budget, object classification 42.3, "Reports of Discrepancy - Charges for Closed FMS Cases." Otherwise, accounting records will be re-established at the amounts recorded at the time closure certification occurred. Reclassification to active status must occur in both the DoD Component and the DFAS-DE/I records.

(1) All post closure disbursements or credits shall be recorded in an undistributed account until case records are reactivated.

(2) Upon the FMS customer request, a modification may be issued to the country for cases with post-closure activity in excess of 10 percent of the net case value at the time of closure.

(3) When cases are reactivated, DoD Components will request additional obligational authority, commence reporting status of funds data, request expenditure authority, process disbursement/credit transactions, and report adjusted delivery information via the delivery transaction.

(4) Once the disbursement/credit and billing process is complete, the DFAS-DE/I will bill the FMS customer accordingly. Re-closure is accomplished in accordance with subparagraph 021004.C.

★ 2. For cases where accelerated case closure procedures apply:

★ a. When post-closure disbursements are reported by the DoD Components, DFAS-DE/I shall record such amounts against the Case Closure Suspense Account and subsidiary accounts by country and by case.

★ b. When post-closure disbursements exceed \$100,000 (in either direction) as a result of a verified pricing error, the applicable DoD Component shall submit a request to the DSCA, with an information copy to the DFAS-DE/I, that the case be reopened. Upon receipt of the DSCA approval to reopen the case, the applicable DoD Component will issue a modification to the foreign country. In any event, the DFAS-DE/I shall bill the country for the entire balance owed in accordance with established billing procedures.

★ c. When all post closure disbursements/credits have been reported and final costs determined, the DoD Component shall certify the case for finalized status utilizing the case closure certificate at Table 2-27.

**FINAL FMS CASE CLOSURE CERTIFICATE**

1. Date: \_\_\_\_\_.
2. Implementing Agency/Country/Case: \_\_\_\_\_.
3. Net Case Value: \_\_\_\_\_.
4. Case Canceled at FMS Customer's Request: \_\_\_\_\_.
5. Final delivered charges against net case value including CAS and LSC: \_\_\_\_\_.

A.\_\_\_\_The net case value shown on line 3 agrees with implementing agency records and obligational authority released to this agency via DD Form 2060.

**and**

★ B.\_\_\_\_The contracts awarded in connection with the FMS case are logistically and financially complete and included in line 5 (case closed). Total contract value subject to CAS charges:\_\_\_\_\_.

**and**

C.\_\_\_\_All requisitions, reimbursable work orders, MIPR's and invitational travel orders that have been processed pursuant to this FMS case are accounted for and the costs thereof are included in line 5. Reimbursements from the DFAS-DE/I have been credited to the financing appropriation or Miscellaneous Receipt Account 3041, as applicable.

**and**

D.\_\_\_\_All estimated deliveries have been converted to actual deliveries.

**and**

★ E.\_\_\_\_All outstanding discrepancy reports against the case have been processed.

**and**

★ F.\_\_\_\_Performance Reporting and Cash Disbursements have been reconciled with Implementing Agency accounting records and are equal in value. The value of unresolved reconciliation issues recorded in accordance with paragraph 021004.B.4.b.and c. is \_\_\_\_\_.

★6. Above-the-line disbursements net of CAS and LSC:\_\_\_\_\_.

\_\_\_\_\_  
Signature of Certifying Official

**Table 2-27**

**INTERIM FMS CASE CLOSURE CERTIFICATE**

1. Date: \_\_\_\_\_.
2. Implementing Agency/Country/Case: \_\_\_\_\_.
3. Net Case Value: \_\_\_\_\_.
4. Case Canceled at FMS Customer's Request: \_\_\_\_\_.
5. Final delivered charges against net case value including CAS and LSC: \_\_\_\_\_.

A.\_\_\_\_The net case value shown on line 3 agrees with implementing agency records and obligational authority released to this agency via DD Form 2060.

**and**

B.\_\_\_\_Delivery of all articles and services is complete. Contracts remain open. The value of remaining unliquidated obligations attributed to open contracts has been verified and included in line 5.

**and**

C.\_\_\_\_All requisitions, reimbursable work orders, MIPR's and invitational travel orders that have been processed pursuant to this FMS case are accounted for and the costs thereof are included in line 5. Reimbursements from the DFAS-DE/I have been credited to the financing appropriation or Miscellaneous Receipt Account 3041, as applicable.

**and**

D.\_\_\_\_All estimated deliveries have been converted to actual deliveries.

**and**

★ E.\_\_\_\_All outstanding discrepancy reports against the case have been processed.

**and**

F.\_\_\_\_Performance Reporting and Cash Disbursements have been reconciled with Implementing Agency accounting records and are equal in value. The value of unresolved reconciliation issues recorded in accordance with paragraph 021004.B.4.b. and c. is \_\_\_\_\_.

6. Above-the-line disbursements net of CAS and LSC:\_\_\_\_\_.

7. Unliquidated obligation balance:\_\_\_\_\_.

A. CAS:\_\_\_\_\_.

B. LSC:\_\_\_\_\_.

\_\_\_\_\_  
Signature of Certifying Official

**Table 2-28**

**FMS CASE CLOSURE ANALYSIS**

Submitting Activity: \_\_\_\_\_.

Point of Contact: \_\_\_\_\_.

1. Country/Case
2. Line(s) unreconciled/value of each
3. Case implementation date
4. Date case supply complete
5. Case ordered value
6. The DFAS-DE/I recorded expenditure value:
  - a. Articles/services-delivered/performed
  - b. Progress payments (unliquidated/reported)
  - c. Disbursements reported
7. Implementing agency billed value
8. Amount of discrepancy
9. Number of open contracts
10. Unliquidated obligations (ULO) value by contract.
11. Estimated resources required to complete reconciliation:
  - a. Workhours
  - b. Cost

Narrative Statement: (Concise, comprehensive synopsis summarizing the obstacles precluding closure, relative effort expended to date, etc.)

**Table 2-29**



★0211 ANTIDEFICIENCY ACT VIOLATIONS AND ADVERSE FINANCIAL CONDITION REPORTS

★ 021101. Antideficiency Act Violations. For purposes of the Antideficiency Act, appropriated funds are not limited to those funds specifically appropriated by Congress to federal agencies from the general fund of the Treasury. Rather, funds available to agencies are considered appropriated, regardless of their source, if made available for collection and expenditure pursuant to specific statutory authority. Accordingly, in applying the Antideficiency Act, the FMS Trust Fund is considered to be, and is to be treated as, appropriated funds. Therefore transactions that involve the FMS Trust Fund can constitute violations of the Antideficiency Act.

★ A. Potential Types of Violations. Violations can occur under the FMS Trust Fund when: (1) obligational authority is approved without prior or proper FMS budget authority, (2) obligations or disbursements are incurred in excess of the regulatory limitation on amounts of an FMS account (e.g. a country level account or a surcharge account) that is to be used for a particular purpose, (3) funds are obligated on a contract without appropriate funds authority from the funds distribution systems included in the Service systems (MISIL, PBAS, CMCS, etc.) controlling the distribution of obligational authority issued against an FMS case, (4) FMS case funds are used in lieu of other DoD appropriations or funds for items outside the scope of an LOA, or (5) as otherwise applicable to FMS cases under DoDD 7200.1, “Administrative Control of Appropriations.”

★ B. Identifying and Reporting Violations. More detailed guidance for identifying and reporting violations under the Antideficiency Act is contained in DoDD 7200.1, “Administrative Control of Appropriations,” and in Volume 14, “Administrative Control of Funds and Antideficiency Act Violations,” of this Regulation.

★ 021102. Adverse Financial Conditions. A second group of reportable events occurs when FMS case records are out-of-balance, but these conditions do not necessarily meet the criteria of violations as listed above. These conditions are adverse financial conditions and occur when financial reports indicate that obligational authority exceeds case or line item-level values, that commitments or obligations exceed obligational authority at case or line item level, that total disbursements exceed obligations at case or line item level, or that expenditure authority is not requested prior to disbursing. Adverse financial conditions are reported using the same format as the Antideficiency violations, but are sent to the DFAS-DE/I for review unless exempt from reporting due to the exceptions described below.

A. Reporting Requirements for Adverse Financial Conditions. A report of adverse financial condition will be prepared in the format shown in DoDD 7200.1 and will be submitted to the DFAS-DE/I for review and evaluation within 60 days of discovery or being notified that the adverse condition has occurred. DFAS-DE/I has the responsibility for determining reportable conditions and for notifying implementing agencies of adverse conditions involving expenditure authority and obligations or expenditures of funds in excess of approved authority at the FMS case and country levels. The DoD Component has the responsibility for

determining reportable conditions and for notifying DFAS-DE/I of adverse conditions involving expenditure authority and obligations or expenditures of funds in excess of approved authority at the FMS case line level.

B. Exceptions to Reporting Adverse Financial Conditions. Reports need not be submitted for within-scope cost increases if either of the following circumstances occur:

★ 1. Obligation(s) in excess of the "Total Estimated Cost" shown on the LOA occurs, and a modification is prepared by the DoD Component and submitted to the purchaser through appropriate channels within 60 days of the date of the transaction which resulted in the unfavorable financial condition.

★ 2. Obligation(s) or expenditure(s) in excess of approved authority when the excess amount results from the posting of duplicate or erroneous obligation/expenditure transactions or from the posting of obligations from inventory systems and corrective action is taken within 60 days of the transaction date. However, these conditions could indicate weaknesses in internal controls and administrative action may be required to improve systems design or to prevent reoccurrence.